

IN THE SENATE OF THE UNITED STATES.

JANUARY 22, 1861.—Ordered to be printed.

Mr. HALE made the following

REPORT.

[To accompany bill S. 542.]

The Committee on Post Offices and Post Roads, to whom was referred the memorial of Marshall O. Roberts and others, trustees of A. G. Sloo, contractor for carrying the mails between New York, New Orleans, Havana, and Chagres, praying compensation for extra mail facilities on that route, respectfully report:

That they have considered the case presented in the memorial, and confirm and adopt the report heretofore made, and which is hereto appended. They report a bill, leaving to the Postmaster General the duty to pay what may be just and equitable, because that department can best estimate the beneficial value of the service, and the reasonable allowance for its recompense.

IN THE SENATE OF THE UNITED STATES, June 11, 1858.

The Committee on Post Offices and Post Roads, to whom was referred the memorial of Marshall O. Roberts and others, trustees of A. G. Sloo, contractor for carrying the mails between New York, New Orleans, Havana, and Chagres, praying compensation for extra mail facilities on that route, respectfully report:

That the contract with A. G. Sloo required the transportation of the mails in the steamships between New York and New Orleans, touching at Havana, twice monthly each way; and also between Havana and Chagres twice monthly.

In the early part of the service the line was required to touch also at Charleston and Savannah, but, as the Isabel line from Charleston and Savannah to Havana better accommodate those localities, this requirement was abandoned as useless and dilatory of the mails.

[For the details of the contract, see copy of it appended, No. 1, and see also Statutes at Large, vol. 9, p. 187.]

It is claimed by the memorialists that, in addition to the contract

service, they have performed other beneficial service in the transportation of the Pacific mails, for which they ask a just remuneration.

The service for which they claim an equitable recompense is the transportation of a mail direct between New York and Chagres, commencing in 1851, and between New Orleans and Chagres, for two years of the time. The service required by the contract was continued during all the while, except that part of it between Havana and Chagres, which was suspended during the direct service between New Orleans and Chagres.

There is no doubt the alleged service was rendered as claimed. The proof is official and sufficient.

This fact being recognized, the committee are disposed to consider if the service was beneficial to the government and the public, and was performed with the sanction of the Post Office Department. If the mails were transported by these extra conveyances with the assent of the department, and it was a useful service, which the contract did not oblige, and therefore was outside of it and beyond its stipulations, the committee would feel obliged to recommend a suitable reward, upon the principle that every citizen is entitled to be recompensed from the general fund for individual time and means devoted to the general benefit in the performance of a governmental purpose. This principle is fairly applicable even when the service is intrusively and voluntarily rendered, without sanction of law or authority of government, if it prove to have been rendered in a good spirit, and to be a proper and useful service; such an one as the government might legitimately render to its citizens, and would be proper to be provided; because a generous public, better able to pay for a service than an individual to render it gratuitously, will not refuse reward for an acknowledged benefit not imposed by the ordinary obligations of good citizenship. But if the service is shown to be one which was not only beneficial and proper to be provided by the government, but was performed with the knowledge and approval of a public officer, because it was believed to be beneficial, and was so performed with an expectation of remuneration, which expectation was known by the officer to be entertained during all the service, the appeal to the public justice is unquestionably entitled to be favorably considered.

1st. Was the service rendered with the knowledge and sanction of a public officer?

That it was so is sufficiently established by the fact that the mails were transported in the ships of the memorialist, because they can only be delivered on board from the post office by the express order of the Postmaster General.

2d. Was it a beneficial service, and one which it belonged to the purposes of government to supply?

It appears by the official correspondence referred to the committee that the effect of the service was to expedite the mails between New York and San Francisco, at the least, *two days*. This was, of course, beneficial. And that it was regarded by the department to be a beneficial service, and preferable to the regular contract route, is shown by the fact that the Postmaster General took the New York mail from the route appointed by Congress and transferred it to the private ships of the memorialists.

This improved service, it was not only proper for the government to supply, but was, under the circumstances, a duty of the government. The only exception which could be taken to the mode adopted was, that the Postmaster General undertook to order it himself without previous authority of law. This is a fault which cannot be visited upon the memorialists, and, so far as the department is concerned, the committee think that, in view of the commercial urgencies of the time, the Postmaster General may very well be justified for acting promptly, although without strict authority of law, especially as the fact was reported to Congress upon the first occasion of its meeting afterwards, and may be considered to have been sanctioned; since no disapproval of his act was expressed, nor repeal of the new arrangement directed. From that time the additional service may be regarded as rendered with the knowledge and approval of the whole government.

The same commercial necessities which called for a direct line between New York and Chagres, and thus induced the establishment of a line by the memorialists, called also for increased postal facilities—such facilities as a direct line alone could furnish. The contract line had been established with primary reference to the encouragement of ocean steamship construction as a part of the naval policy, and with a view to more frequent connection with Cuba as a diplomatic policy. The mail service to the Pacific was only secondary. This is shown from the fact that while the service to Havana and New Orleans was twice monthly, the same act authorized a service on the Pacific (Panama to Oregon) of only once monthly, and allowed that to be taken in *sailing* vessels. But the discovery of the gold fields, and the wonderful rush of population to California, created a sudden occasion for the most rapid postal service which could be afforded, and this necessity was not supplied by the existing line. The committee think that it became the duty of the government to furnish increased facilities. The immense sum of the commercial transactions, amounting to \$101,717,232 in the value of gold transferred to the Atlantic, in 1851 and 1852, and of a corresponding large value in merchandise transferred to the Pacific in the same years for the supply of the miners and their factors and other auxiliaries, rendered a difference of two or three days of great consideration, both as to interest upon the gold which remained idle in commerce until letters of advice arrived, and in its effect upon the values of commercial ventures, in consequence of the rapid fluctuations in the markets of the Pacific, attending the first avalanche of trade to that Aladdin field. Besides this, the body of first emigrants, mainly from the northern and northwestern parts of the Union, had left their families behind, and thus the family correspondence became interesting and urgent. The government having assumed an exclusive control of postal service, the transmission of letters was dependent upon the means provided.

The pressure for improved facilities was shown by the fact communicated from the postmaster at New York, that private dispatch companies were clandestinely taking large numbers of letters because they could beat the time of the government, and for this service by the express agents a high rate was paid by correspondents. Strong appeals were made by the merchants, and from the press of the coun-

try, for direct mail service. It seems to the committee that the improvement of two or three days gain in the postal voyage to and from New York, which was the great center of the migrating and commercial intercourse with the Pacific, was a facility and benefit which the government owed to those great commercial and domestic interests that furnished the basis for the correspondence which paid tribute to the government.

The service, therefore, was beneficial, and was a service proper to be supplied by the government, and was performed by the memorialists with the sanction of the department.

3. The service performed by the memorialists was rendered with the expectation of remuneration, and this expectation was known to the department at the time of their first employment in the service, and has been known all the while since during the continuance of the service.

At a future stage of the report, the correspondence between the department and the memorialists will be specially analyzed in its bearing upon the obligation of the government to the parties. For the present, it is sufficient to say that the correspondence shows distinctly and indisputably that the contractors steadily and persistently refused to assume the cost and responsibility of the service without a right to apply to Congress for a just recompense. This position of the company was clearly exhibited in their correspondence; and the Postmaster General authorized the mails to go in their vessels in full understanding of their position. The parties well knew that the executive department, not being authorized to employ the service, could not stipulate any compensation, and therefore agreed that the department should not be held responsible. But, being still disposed to accommodate the public, they were willing to do the service, and trust to the liberality and justice of Congress for remuneration. Such is the ground upon which they claim to have placed themselves, and it seems to the committee to have been a reasonable and commendable ground under the circumstances.

If the committee stopped here, there would be sufficient ground for recommending some compensation. But they believe, upon a full review of the case, that a moral obligation, on the part of the government, has been created by the acts of the executive department charged with the supervision of the post service of the country, which compels a recognition of the right of the memorialists to *some* compensation. What compensation, large or small, more or less, is due, is addressed entirely to the discretion of Congress, the parties having agreed to submit to the judgment of that department of the government.

The service was not volunteered by the claimants, but was undertaken at the instance of the government, and was accompanied by a contract that the parties performing the service should receive what Congress might deem just.

The first important fact in the case is that the service was not volunteered, but that the correspondence which resulted in the transfer of the New York California mail to the direct line was introduced by the department.

The memorialists were duly performing their service under the con-

tract. To meet a commercial requirement, and prevent a ruinous competition from other parties, which would have destroyed the value of a large investment made by them in the contract line, they established a line of steamers upon the direct route without government aid, and at their own hazard. This line left New York two days later, and arrived on the return voyage two days sooner, than the regular mail route. The merchants and the press began to clamor, and the private express companies to take advantage of it, to the injury of the income of the department. The letter of Mr. Minturn, a merchant, dated June 20, 1851, and that of Mr. Brady, the postmaster at New York, dated July 7, 1851; (marked in Appendix Nos. 2 and 3,) brought these facts to the notice of the department. The letter of the First Assistant Postmaster General to George Law, dated June 23, 1851, inclosing a copy of Mr. Minturn's letter, and the reply, dated July 9, 1851, to Mr. Brady's letter, followed by the dispatch to Mr. Brady, dated July 26, 1851, (marked, respectively, in Appendix, Nos. 4, 5, 6,) show that the subject of performing the service was introduced first by the department, and that it was not sought by the memorialists.

The next important fact relates to the nature of the understanding upon which the service was undertaken.

In the letter of June 25, 1851, (marked No. 7, in App.,) from Mr. Law to the department, replying to that letter of June 23, 1851, he says that the mails are duly dispatched upon the steamers of the regular line, and explains how it is that the mails are necessarily two days behind the direct line of steamers. He also expresses a willingness to take the mails on the direct steamers, if the department desire it.

On the 1st of July, 1851, the Postmaster General inquires if he is correct in supposing that Mr. Law consents to take mails on the direct steamers without any additional expense to the government. (See letter, marked No. 8, in App.)

Mr. Law replies by letter, dated July 21, 1851, (App., No. 9,) that he intends, at an early day, if it meets the approbation of the department, to arrange the running of his steamers each month as follows, viz: "Twice between New York and New Orleans, via Havana, and twice between New Orleans and Chagres direct; making three distinct routes and six passages per month to and from the respective points of destination." And he adds as follows:

"In expressing, in my letter of the 28th ultimo, the readiness of this company to instruct the commanders of their steamers, direct as well as by way of Havana, to convey the California mails if desired by the department, it was not my intention to preclude a claim for reasonable additional compensation for such service. Although we desire to meet fully the requirements of the service and the wishes of the department, *it is not expected*, I presume, that the mails can be carried, outward and homeward, *six times per month*, with the necessary additional clerks or agents, *for the same sum* for which we contract to carry them twice monthly. Still, desirous of promoting to the utmost the interest and convenience of the public, we are entirely willing to perform the additional service, in the confident expectation that a sense of justice will induce Congress to make such further provision as may be considered a suitable compensation for it."

On the 4th of August, the department, without objecting to the terms, asks of Mr. Law the schedules by which he proposes to run, in the event "of rearranging the service as contemplated;" to which Mr. Law replies on the 28th of August. (See Appendix, Nos. 10 and 11.)

Pending this correspondence between the department and Mr. Law, the following correspondence took place between the postmaster of New York and the department, which, in view of the committee, established the contract under which the service was begun :

POST OFFICE, NEW YORK, *August 7, 1851.*

SIR: The Empire City sails with the California mails, at three p. m. on the 11th instant, schedule time.

The Georgia succeeds her, on the 13th, for Chagres direct, carrying two days' later dates.

Shall I make up a supplementary mail for the Georgia? Permit me to refer you to the postscript of my letter of the 26th ultimo relative to this subject.

Respectfully, your obedient servant,

W. V. BRADY,
Postmaster.

Hon. N. K. HALL,
Postmaster General, Washington, D. C.

POST OFFICE DEPARTMENT,
Washington, August 8, 1851.

SIR: In answer to your letter of the 7th instant, I have to say that you will make up and forward mails by Mr. Law's direct steamers to Chagres, with this understanding, however, that *this department does not thereby become responsible for any additional expense.*

I am, very respectfully, your obedient servant,

N. K. HALL,
Postmaster General.

W. V. BRADY, Esq.,
Postmaster, New York City.

POST OFFICE, NEW YORK,
August 9, 1851.

SIR: I herewith hand you a letter received from Mr. Roberts, in answer to yours of the 8th instant to me, relative to supplementary California mails per steamers of the 13th and 28th. Be kind enough *to answer by telegraph*, provided you wish a mail sent by the Georgia, in order that I may post my bulletins immediately after the closing of the mails on the 11th.

Respectfully, your obedient servant,

W. V. BRADY,
Postmaster.

Hon. N. K. HALL,
Postmaster General, Washington, D. C.

OFFICE OF THE UNITED STATES MAIL STEAMSHIP CO.

New York, August 9, 1851.

SIR: The mails for Chagres, both direct and via Havana, will be carried by the steamships of this company upon the terms and in the manner heretofore stated to the Post Office Department, viz: *Compensation for any extra or additional mail service to be submitted to Congress, without requiring a prior stipulation to pay from the department.*

Respectfully, your obedient servant,

M. O. ROBERTS.

W. V. BRADY, Esq.,
Postmaster, New York.

[Dispatch, by telegraph]

AUGUST 11, 1851.

POSTMASTER, New York, will send mail for California *by the direct steamer* of the 13th instant.

N. K. HALL.

The service continued to be performed upon this understanding, and no further correspondence took place until April 9, 1852, when the Postmaster General wrote to Mr. Law, complaining that he did not dispatch the direct steamers on the days appointed, and Mr. Roberts, in reply, stated the cause to be an accident which had befallen the Illinois in November preceding, but advised him the steamer would leave on the 26th. (See Appendix, Nos. 12 and 13.)

Then occurred the following correspondence, which was a recognition and continuance of the original understanding:

POST OFFICE, NEW YORK, *April 14, 1852.*

SIR: The inclosed advertisement is the first that has appeared in three months, in relation to the steamers for Chagres direct.

Am I to consider the instructions to make up mails for the steamers of the 11th and 26th still in force?

Respectfully, your obedient servant,

WILLIAM V. BRADY,
Postmaster.

Hon. N. K. HALL,
Postmaster General, Washington, D. C.

Suggestion of new schedule, made by M. O. Roberts to the Postmaster General, April 14, 1852.

DIRECT.—To sail from New York on the 5th and 20th, and return direct to New York.

VIA HAVANA.—To sail from New York (as at present) on the 9th and 24th, except when those dates happen to be Sunday, and then to sail on the day following or preceding, as may be agreed.

POST OFFICE DEPARTMENT, *April 15, 1852.*

SIR: In answer to your letter of the 14th instant, I have to say that, if the contractors resume their running on the 11th and 26th of the month for Chagres and San Francisco, you will make up and send mails by the direct steamer on said days, as heretofore, *under the original order.*

We have a memorandum from the company, handed in yesterday by Mr. Crosswell, proposing the 5th, 9th, 20th, and 24th of each month as the future days of sailing from New York, these ships to connect with the *way* and *direct* steamers on the other side, regularly for San Francisco. Will this be a good arrangement?

I am, very respectfully, your obedient servant,

N. K. HALL.

WM. V. BRADY, Esq.,
Postmaster, New York, N. Y.

The arrangement continued to work, as understood between the parties, without other correspondence than such as related to schedules, until a correspondence occurred between Mr. Aspinwall, the contractor on the Pacific side, and the department; in the course of which a letter from the Postmaster General, dated May 31, 1852, and one from the Secretary of the Navy, of June 2, copies of which were sent to Mr. Law, seem to have excited his apprehension that the department abandoned the original terms of the understanding, (by which he was to receive a compensation to be determined by Congress,) when he at once addressed the department declining to continue the arrangement. (See Appendix, Nos. 14, 15, 16, 17, 18, 19, and 20.)

In that letter, dated June 8, 1852, he says: "Upon the terms and conditions prescribed in the letters from the Post Office and Navy Departments of the 1st and 2d instant, I do not consider it compatible with the interest of the company to carry out the proposed arrangement for increased mail between this port and California. This company is prepared, *agreeably to our letter of the 21st of July, 1851*, to carry the mail direct between New York and Aspinwall, and between New Orleans and Aspinwall, discontinuing the line between Havana and Chagres, and run the line direct between New York and New Orleans, touching at Havana twice a month, and *leave to Congress the compensation for the increased service over the amount paid under the existing contract*, the company retaining the right to discontinue such increased service upon giving the department one month's previous notice, and to resume the service as now performed according to the requirements of the contract, viz: twice a month between New York, New Orleans, Havana, and Aspinwall. This is the only portion of the joint letter of the 25th of May last in which this company was interested, and to which its assent was given."

Mr. Law occupied the position taken in that letter of a declension to carry on the arrangement until the matter was again opened by a letter from the department to Mr. Aspinwall, followed by a correspondence between Mr. Law and the department, which, as it settled permanently and finally the contract or agreement upon which the direct service was performed, it is thought best to insert here at large:

POST OFFICE DEPARTMENT,
June 14, 1852.

SIR: Your letter of the 12th instant is received.

In his letter of the 8th instant, Mr. Law says: "Upon the terms and conditions prescribed in the letters from the Post Office and Navy Departments of the 1st and 2d instant, I do not consider it compatible with the interest of this company to carry out the proposed arrangement," &c.

It is not perceived that the order, as made, differs from Mr. Law's proposition essentially in any respect, except it be in the fact that the Secretary of the Navy and Postmaster General decline to be *responsible*, either directly or indirectly, for any additional expense in the matter; in other words, that they decline to *join* in submitting the subject to Congress hereafter, upon a question of increased compensation to the company. If the matter must be submitted to Congress, would it not be advisable that it be done at once?

I am, respectfully, your obedient servant,

W. H. DUNDAS,
For the Postmaster General.

WILLIAM H. ASPINWALL, Esq.,
Pres't Pacific M. S. S. Co., New York, N. Y.

OFFICE OF THE U. S. MAIL STEAMSHIP COMPANY,
June 15, 1852.

SIR: I have the honor to acknowledge the receipt of your letter of the 10th instant.

The impression of the department that this company declines to carry out the proposition for such increased service as shall be required for direct mails between New York and Aspinwall, New Orleans and Aspinwall, and New York and New Orleans, *via* Havana, each twice a month, "on the ground that the Secretary of the Navy and the Postmaster General will not hold themselves liable, either directly or indirectly, for any additional expense in the matter," is not, as the case is understood by the company, the actual attitude in which the matter stands.

In my letter to the department of the 21st July, 1851, embodying this proposition, it was alluded to as an experiment intended to meet the public wants, and a general demand for increased mail facilities between the Atlantic and Pacific portions of the United States beyond the stipulations of the existing contract, which, being voluntary on our part and requiring the employment of several additional steamers, we claim the right, should it prove too onerous and expensive to the company, to discontinue, and to return to the existing schedule upon giving the department one month's notice.

In relation to compensation, I said: "Still, desirous of promoting to the utmost the interest and convenience of the public, we are entirely willing to perform the additional service *in the confident expectation that a sense of justice will induce Congress to make such further provision as may be considered a suitable compensation for it.*"

This was the basis of the recent renewal of the proposition in the

joint letter of the 25th May last. But the tenor of the letters of the Secretary of the Navy and the Postmaster General of the 1st and 2d instants seems to admit of an interpretation *beyond* a determination not to hold *themselves* liable, directly or indirectly, for any additional expense. It seems to *preclude the idea of any application hereafter* on the part of this company to Congress for any additional compensation, whatever may be the additional performance of mail service, and to be *a distinct negative* by the departments, to which we become parties, *upon anything additional that Congress may deem it just and expedient to allow*. It seems also to preclude the right on the part of the company to go back to the schedule under the contract.

While it has not been the intention of this company to hold either of the *departments* liable, directly or indirectly, for any additional mail service beyond the conditions of the contract, but to perform it *subject entirely to the decision of Congress*, I desire respectfully to say that I do not feel authorized to place the company in a position that would *preclude it from applying for or accepting such additional allowance as, in the judgment of Congress, might be considered equitable*.

By the terms of the contract for running between New York and New Orleans, Havana and Chagres, twice each month, we stipulate to employ five steamships in the performance of the mail service, two of them being spare ships. The proposed service will require six steamers in constant service and three spare ships. We were entirely willing to make the trial, and to continue the service, if it should prove as advantageous to the public as was supposed, and the business of the company would justify the increased expenditure to which it would be subjected; but if it should not, or if Congress should not regard it of sufficient importance to pay such compensation as would enable the company to perform the additional service without loss, the company reserve the right to return to the former schedule, viz: twice a month between New York and New Orleans, and twice a month between Havana and Aspinwall. In such case, it was also the intention to give the Postmaster General due notice, one month being thought sufficient for that purpose.

Upon this basis, the company is prepared to enter at once upon this arrangement, to carry it out to the best of its ability, and to contribute to the extent of its means to the mail facilities between New York and California.

I have the honor to be, very respectfully, your obedient servant,
GEORGE LAW, *President*.

Hon. N. K. HALL,
Postmaster General.

OFFICE OF THE UNITED STATES MAIL STEAMSHIP COMPANY,
New York, June 16, 1852.

SIR: Since my letter of yesterday, addressed to the Postmaster General, was written, I have been favored with a copy of Mr. Aspinwall's letter to the Postmaster General of the 12th instant, and the reply of the department of the 14th instant.

I perceive, by the reply, that we have given a construction to the

letters of the Secretary of the Navy and the Postmaster General, addressed to me, different from that given by the departments themselves. *Upon the basis of my letter of yesterday*, which seems to be in accordance with the reply of the department to Mr. Aspinwall of the 14th instant, we are prepared to enter at once upon the proposed arrangement, and to try it in accordance with the inclosed schedule.

The change of day for leaving New York for New Orleans (as will be seen by the schedule) is made for the purpose of enabling the mails to reach New Orleans before the departure of the mail steamers from that port to Aspinwall, by which the mails and shippers will have the advantage of two routes, to send letters and duplicates by one route if not sent by the other. It will also afford a partial remedy, should any accident happen to the direct line from New York to Aspinwall.

I have the honor to be, very respectfully, your obedient servant,
 GEORGE LAW,
President.

Hon. W. H. DUNDAS,
Acting Postmaster General.

POST OFFICE DEPARTMENT,
June 18, 1852.

SIR: Your letters of the 15th and 16th instants, respectively, are received.

In reply, I have to say that, so far as this department was concerned, and the same, we have no doubt, is true of the Navy Department, it was not the intention to hold your company to the proposed arrangement, after a fair trial, should the change be found to operate disadvantageously to either party. It is therefore understood that, should it be found for the interest either of the company or the government to return to the existing arrangements, this may be done, as you propose, on a month's notice by one party to the other; and the change may take effect *from and after the 5th of next month*. Please state the probable days of arrival at New York and New Orleans by the direct steamers.

We will prepare the advertisement of the schedule, so that it may be published in the newspapers here as early as Tuesday morning next, adopting the days for both lines named in the schedule accompanying your letter of the 16th instant.

The Secretary of the Navy will be advised to-day of the substance of this letter, that he may also address you on the subject.

I am, very respectfully, your obedient servant,
 W. H. DUNDAS,
For the Postmaster General.

GEORGE LAW, Esq.,
Pres. U. S. Mail S. S. Co., New York, N. Y.

OFFICE OF THE UNITED STATES MAIL STEAMSHIP COMPANY,
New York, June 21, 1852.

SIR: I have the honor to acknowledge the receipt of your letter of the 18th inst.

This company is prepared to enter upon the proposed arrangement for the direct line between New York and Aspinwall, and New Orleans and Aspinwall, and the line between New York and New Orleans, via Havana, at the period fixed by the department—5th of July.

The days of arrival at New York and New Orleans from Aspinwall, by the direct line, cannot be definitely stated. It will depend upon the arrival of the Pacific steamer at Panama and the mails at Aspinwall, and also upon the state of the weather. Judging from previous running in both oceans, the arrivals at New York direct from Aspinwall will be about the 12th and 27th of each month, and at New Orleans about the 10th and 25th. I give this as an approximate time, as the department will readily perceive that we cannot fix any positive days of sailing, when so much depends upon the arrival of the mails at Aspinwall, and upon the weather.

I am, very respectfully, your obedient servant,

GEORGE LAW, *President.*

WM. H. DUNDAS, Esq., *Acting Postmaster General.*

OFFICE OF THE UNITED STATES MAIL STEAMSHIP COMPANY,
New York, June 23, 1852.

SIR: Mr. Aspinwall informs me this morning that you hesitate to carry out the arrangement for direct lines between New York and Aspinwall, and New Orleans and Aspinwall, on the ground that no answer had been received on the 22d instant to the letter of the department of the 18th.

Neither Mr. Law, Mr. Roberts, nor myself, supposed that the completion of the arrangement and the publicity of it depended upon any further reply; inasmuch as the proposition had been mutually agreed upon, the schedule of running sent by Mr. Law to the department, and the letter of the department of the 18th having directed that the arrangement go into effect on the 5th of July. But a reply was written by Mr. Law on Monday, the 21st, (the first business day after the letter of the department was received by him,) stating the determination of this company to comply with the arrangement, and to enter upon it on the day named by the department. The letter of the department having been sent from the post office to Mr. Law's house, he did not receive it until Saturday evening, too late for the mail of that day. His reply ought to have been received at the department on the morning of the 22d. Lest it may have miscarried altogether, I take the liberty to inclose a copy of it.

Understanding the arrangement to have been closed, orders were sent out by the Illinois on the 21st to Aspinwall and California, with copies of the new schedule, and by letter and telegraph to New Orleans, to make all the necessary preparations, and announced by advertisement the change of sailing days. Remote agencies elsewhere were also advised of the change, and directed to give immediate and extended publicity of it. It will be impossible to recall these directions in time to prevent serious embarrassment and difficulty, and it would subject us also to loss and public censure.

We have not pressed this arrangement upon the department, but have been willing to make a trial of it, believing it to be for the public convenience and advantage, not holding the department liable for the increased service, but leaving the matter to the future decision of Congress. Meanwhile, each party being at liberty to discontinue it on a month's notice. Now that the arrangement is made and announced, both companies desire to carry it out; and I beg leave respectfully to express the hope that the instructions given by the department for the commencement of the arrangement on the 5th July may not be recalled.

I have the honor to be, very respectfully, your obedient servant,
E. CROSWELL.

Hon. N. K. HALL,
Postmaster General.

P. S. Mr. Law would have written had he been at the office to-day.

POST OFFICE DEPARTMENT,
June 24, 1852.

SIR: I have received the letter of Mr. Croswell of the 23d instant, and also yours of the 21st instant.

The schedule proposed for the direct line between New York and Aspinwall, and New Orleans and Aspinwall, and the line between New York and New Orleans, via Havana, has been adopted, to go into effect on the 5th of July next.

Notice of this change will appear to-morrow in the papers of this city, and the necessary instructions to postmasters issued immediately.

I am, respectfully, your obedient servant,

N. K. HALL.

GEORGE LAW, Esq.,
President U. S. Mail Steamship Company, New-York.

Upon the understanding which this correspondence established the service has continued to this day.

It is certain that the memorialists refused to perform the service without a distinct understanding that they claimed a compensation, the amount of which was to be submitted to the justice of Congress, and that the department accepted the service and arranged a schedule in the full knowledge and understanding that the parties expected such recompense.

It further appears that the department reserved a right to receive a month's notice before the memorialists should have the privilege to discontinue the service, and that fines were imposed for failures on the direct line.

The service was continued, as agreed, until August 8, 1854, when the memorialists exercised the right to discontinue the direct New Orleans and Chagres mail upon one month's notice. The correspondence being very suggestive of considerations that corroborate and sustain the view taken by the committee, they quote such portions of it as are material.

UNITED STATES MAIL STEAMSHIP COMPANY,
New York, August 8, 1854.

SIR: In accordance with the understanding had between this company (as assignees of A. G. Sloo) and the department in the month of June, 1852, when the present arrangement for transporting the mails on the route between New York, Havana, New Orleans, and Chagres was made, which understanding was that the arrangement might be discontinued upon either party giving to the other thirty days' notice thereof, and the route named in the contract be resumed, (for the particulars of which arrangement I beg to refer you to the letter of the department of June 18, 1852, to George Law, Esq., and to Mr. Edwin Crosswell's reply thereto of the 23d of the same month,) I beg leave respectfully to inform the department that that part of the arrangement referred to by which a semi-monthly mail *direct* between New Orleans and Aspinwall has been carried for the past two years will be discontinued, commencing with the departure from New Orleans of the 20th of September proximo, and the California mails, to and from New Orleans, will thereafter be carried *via* Havana. The dates of sailing of the steamers running between New York, Havana, and New Orleans will be changed, so as to make the necessary connections at Havana.

* * * * *

The direct line of steamers between New York and Aspinwall, sailing from here on the 5th and 20th of each month, will for the present be continued as heretofore.

I have notified the company's agent in New Orleans of the proposed change, and have requested him to inform the postmaster there of it.

I have the honor to be, very respectfully, your most obedient servant,
M. O. ROBERTS, *President.*

HON. JAMES CAMPBELL,
Postmaster General, Washington.

POST OFFICE DEPARTMENT,
September 4, 1854.

SIR: Your letter of the 8th ult. was duly received, giving notice of the intention of your company to discontinue, from and after the 20th instant, the present *direct* line between "New Orleans and Aspinwall," which was provided for in the order of 31st of May, 1852; and that the California mails, to and from New Orleans, will thereafter be conveyed *via* Havana.

The schedule on the "New York, Havana, and New Orleans line" has accordingly been changed as proposed by you, so as to leave New York on the 2d and 17th, instead of the 12th and 27th, of each month, and New Orleans on the 5th and 20th, instead of the 11th and 26th, of each month, the steamers from each direction to meet at Havana on the 8th and 23d of each month.

* * * * *

Your proposition is understood to be that the present semi-monthly

lines between "New York and Aspinwall direct," and between "New York and New Orleans, *via Havana*," will both be continued as heretofore, the only change being to substitute a direct semi-monthly line between Havana and Aspinwall for the present line between New Orleans and Aspinwall direct.

I regret deeply that your company contemplates making any change whatever in the present arrangement, and especially that the direct semi-monthly line between New Orleans and Aspinwall is to be abandoned.

I am, very respectfully, your obedient servant,

JAMES CAMPBELL.

MARSHALL O. ROBERTS, Esq.,

President of U. S. Mail Steamship Company, New York.

UNITED STATES MAIL STEAMSHIP COMPANY,

New York, September 7, 1854.

SIR: I have the honor to acknowledge the receipt of your letter of the 4th instant, recognizing and approving the schedule of running the ships of this company between New York, Havana, and New Orleans, and between Havana and Aspinwall, as advised in my letter of the 8th ultimo. The change, as you suppose, consists solely in the substitution of the line between Havana and Aspinwall for the direct line between New Orleans and Aspinwall, being a return to the original schedule in precise accordance with the terms and conditions of the existing contract.

I cannot but participate in your regrets that the company have felt compelled to withdraw the direct line between New Orleans and Aspinwall. That line was established, and the large additional service beyond the requirements of the contract with the government undertaken from a desire to afford all the facilities in our power to the western and southwestern States, not only for a direct intercourse with California, but for the transmission of the mails to and from that section of the Union.

The experiment has been fairly made during a period of more than two years, and has resulted in a monthly loss to the company, and will eventuate in a very large aggregate loss, unless Congress shall direct that a reasonable compensation be paid for the extra mail service which, under the circumstances, we have not hesitated to perform, and which we regret to withhold, but which we do not feel justified in continuing at a large pecuniary sacrifice to the company.

By a computation made from the company's books, the losses incurred by running the direct line between New Orleans and Aspinwall, *during the single year ending the 30th of June last, amount to an aggregate of more than one hundred and five thousand dollars, exclusive of insurance and wear and tear.* If these last two items be added to the actual running losses, the aggregate would reach nearly *two hundred thousand dollars.*

The department will readily perceive that the very great sacrifice of money necessary to keep up that line has rendered its withdrawal

almost, if not quite, an imperative necessity. Nevertheless, if the department desires its continuance, I think that perhaps an arrangement may be effected with the Nicaragua Transit Company, by which half the service might be performed by one of their steamers and the other half continue to be performed by one of this company's ships, and the losses be thus divided. At any rate, if the suggestion meets the approval of the department, I will, at your request, endeavor to make such an arrangement.

I have the pleasure to inform the department that this company have just completed the purchase of the splendid steamship "North Star," of Commodore Vanderbilt, at a cost of \$400,000, and that she will sail to Aspinwall with the California mails on the 20th instant.

I am, sir, very respectfully, your most obedient servant,

M. O. ROBERTS, *President.*

HON. JAMES CAMPBELL,

Postmaster General, Washington.

It will thus be seen that the successor of Mr. Hall (Mr. Campbell) had his attention fully directed to this subject of the arrangement considered by the memorialists to be existing, and that he recognized and adhered to it; that he regretted the discontinuance of the New Orleans part of the arrangement; that he expressly referred to the continuance of the direct line between New York and Aspinwall, and that he had been distinctly pointed in Mr. Roberts's letter to that of Mr. Croswell's of 23d June, 1852, in which the expectation of compensation by Congress was declared, yet he "continued the arrangement."

In this connection it may be proper to remark that the refusal of Mr. Campbell to admit a right to any compensation by the memorialists relates to a different service from that claimed, although it has been confounded with this. The correspondence of Mr. Campbell related to the carrying of mails on *intermediate* steamers making a weekly line. His position being against any allowance, (and properly, as it would have been more frequent service than Congress had authorized,) no claim has been presented for it. But that he did not apply that position to the case of the service now under consideration, is shown by the fact that he continued to send the mails by the direct steamers after the above-recited correspondence had distinctly drawn his attention to the nature of the arrangement, and the expectation of additional compensation, and also *after all possible doubt upon this point had been removed by the actual claim of compensation presented to Congress.*

It is also worthy of remark that the loss stated by the memorialists in the New Orleans part of the service, for a single year, amounted to two hundred thousand dollars.

If the memorialists are entitled to some compensation, then how much should it be?

The length of the route established by contract was 2,810 miles, and the compensation at the rate of \$2 15 per mile.

The additional service added 2,422 miles to the length of route

while the New Orleans direct line was run, and 1,981 (*via* Jamaica, 2,005) miles, when that was discontinued.

In considering what would be a just and reasonable compensation for the service, we may properly inquire if the compensation which the government bestows for the regular contract service is so liberal as to indemnify the contractors for the outlay and hazard of the business, and yield a due profit and reward for their enterprise.

It appears by the statement furnished to the committee, at their request, and which is annexed, (see Appendix, marked A,) that the original cost of the vessels employed in the contract and direct service has been \$3,095,000; that three vessels, of the value of \$625,000, have been lost; that four vessels, of the value of \$1,195,000, have been sold at a loss, by deterioration, of \$976,000; and that the estimate of the present value of the remaining vessels is \$750,000—thus exhibiting a loss of investment to the large amount of \$2,126,000.

Only two dividends, of ten per cent. each, are stated to have been distributed. These dividends, amounting to \$400,000, added to the present value of the vessels, show a total of \$1,150,000 to be deducted from an original cost of \$3,095,000; making an actual loss of \$1,945,000, besides the interest upon the capital invested. Thus it seems that the large receipts for mail pay and passenger fare have been absorbed to so great an extent by the hazards of the service and the deterioration of steamers, that the property remaining at the end of the contract will return but a small part of the original investment, and leave no recompense for the use of the capital.

Relying upon the general correctness of this statement, (although it is not furnished at a precise exhibit, but only a hasty approximation,) it does not seem that the profits of the enterprise have been such as to render unimportant to the memorialists a just recompense for the additional service.

The measure of compensation may be either a reasonable proportion of the contract rate of pay for the additional miles of service, or a payment for the mails as express freight.

The weight of the mails is ascertained to have averaged 672,500 pounds per annum each way, and at the rate charged by the express companies would amount to an average of \$96,858 per annum.

At the *pro rata* contract pay, the additional compensation would be \$204,439 20 per annum.

The Committee on Post Offices and Post roads, at a former session, reported a bill, through its chairman, Mr. Rusk, allowing one-half the *pro rata* compensation, which would amount to \$102,219 60 per annum.

If one fourth of the *pro rata* contract pay is allowed, it will amount to \$51,109 30 per annum.

Tables exhibiting these calculations in detail are annexed. (See Appendix, marked B.)

The committee report the bill accompanying this report, leaving the rate of compensation open for the judgment of the Senate.

Before closing, the committee deem it proper to remark upon one or two points suggested by the papers referred to them.

Does the fact that the steamers by which the additional service was

performed were put upon the line as a commercial enterprise, and not strictly for mail uses, render improper an allowance?

The committee think not; for the motive which induced the establishment of the lines does not render less valuable to the public the service rendered, nor less entitle them to the reward due to the appropriation of their space on shipboard, and of their capital invested in the line, to the use of the government in transporting the mail matter. This view is distinctly recognized by Congress in the following provision of the original contract:

“And it is further agreed by and between the parties aforesaid, that, on tender of *proper compensation by the said government* of the United States, not exceeding a due proportion of the pay herein stipulated, the said A. G. Sloo, contractor, shall convey any mail or mails of the United States which he may be required to convey *on any steamship which he, the said Sloo, may own, run, or control on the routes aforesaid*, beyond the number of trips herein specified.” (See copy of contract, in Appendix No. 1.)

This provision evidently contemplated that the contractors might add to their line other vessels for commercial objects, and contemplated the payment of a just compensation for transporting such mails as it might suit the government to convey in them.

Was the department right in continuing the regular contract service, notwithstanding the arrangement for direct service?

The committee thinks its continuance was proper and necessary. It furnished to the southern Atlantic and Gulf cities the means of communication directly with California. The Isabel conveyed the California mails from Charleston and Savannah to Havana, where it met the line for Aspinwall; so also, from New Orleans, except when the better service direct from New Orleans was substituted.

Does the delay in applying to Congress affect the case?

The department having communicated the fact of the arrangement to Congress, and having afterwards continued the service, with a knowledge that compensation was expected, and without requiring them to make their application to Congress, and having still continued the service after the application was known to have been made to Congress, the parties cannot be considered to have lost any right originally held. If the department considered it the duty of the memorialists to apply to Congress within any given time, it should either have called upon them to apply, or have withdrawn the mails until they did so. They had a clear option to choose their own time, so long as the department failed to complain and continued to use the benefit of the arrangement.

APPENDIX.

No. 1.

The Sloo Contract.

This agreement, made at the city of Washington, in the District of Columbia, this twentieth day of April, anno Domini eighteen hundred and forty-seven, between the United States of America, by the Secretary of the Navy thereof, and Albert G. Sloo, of the city of Cincinnati, in the State of Ohio, witnesseth: That whereas, by the 4th section of an act of Congress approved March 3, 1847, entitled "An act providing for the building and equipment of four naval steamships," it is made the duty of the said Secretary of the Navy, upon certain terms and conditions in said act enumerated, to contract, on the part of the government of the United States, with the said A. G. Sloo for the transportation of the United States mail from New York to New Orleans twice a month, and back, touching at Charleston, (if practicable,) Savannah, and Havana, and from Havana to Chagres, and back, twice a month. Now, therefore, the said A. G. Sloo does hereby agree with the United States aforesaid, and firmly binds himself to establish a line of steamships, to consist of at least five vessels, for the transportation of the United States mail from New York to New Orleans twice a month, and back, touching at Charleston, (if practicable,) Savannah, and Havana, and from Havana to Chagres, and back, twice a month, according to the terms and meaning of said act of Congress. The said steamships to be of not less than fifteen hundred tons burden, and propelled by engines of not less than one thousand horse power each, to be constructed under the superintendence and direction of a naval constructor, in the employ of the Navy Department, and to be so constructed as to render them convertible, at the least possible expense, into war steamers of the first class: *Provided, however,* That the Secretary of the Navy may, at his discretion, permit one of said steamships to be constructed of not less than six hundred tons burden, and engines in proportion.

And it is agreed by and between the parties aforesaid, that two of the said steamships shall be completed and ready for service on or before the first day of October, A. D. 1848, shall be of the burden (1,500 tons) above described, and shall be propelled by engines of direct action, similar to the engine of the late United States steamer Missouri; and each of said ships shall be constructed of approved materials and fastenings, upon the dimensions of the late steamship Missouri, as they are known and on record in the Navy Department of the United States, reserving to said contractor the right to add a saloon deck in said steamers, to add to their length not exceeding thirty feet, and breadth of beam not exceeding five feet, as may be necessary to give them the draught of water required by law for the service intended, and reserving to the contractor, also, the right to add two feet to the length of cylinder above provided for, so as to make the same 70 inches in diameter and 12 feet stroke; but, in making any or all of

the alterations here permitted, from the plan of the Missouri aforesaid, the said contractor is not to disregard the general proportions of the steamships so to be constructed, but is to have reference to them, and to make the corresponding changes, in order to preserve them, which may be required for the purpose, by his said alterations; and said ships shall be sheathed with copper of approved quality; shall have ample and convenient capacity for the accommodation of men and stores of every description; shall be well and thoroughly fitted with not less than three masts and the necessary spars, ropes, rigging, and canvas; shall be furnished and fitted with good and sufficient ground tackle, chain and hempen cables, anchors and hawsers, with iron side-wheels, with good and sufficient boilers, and coal-bins for a supply of twenty days, and with all the fixtures and findings properly belonging to steamships of the dimensions and character above recited. The said boilers and machinery are to be of the best quality, and to be so placed below the water line as to be, as far as practicable, beyond the reach of cannon shot; and the said steamers in strength, capacity, rigging, spars, engines, boilers, and in all other respects whatsoever, are to be similar to the late United States ship Missouri, as far as the alterations above permitted, and a reasonable regard to the nature of the service contemplated, will allow.

And it is further agreed by and between the parties aforesaid, that, should the Secretary of the Navy determine to employ a steamer of not less than six hundred tons burden for the service between Havana and Chagres, in lieu of one of said five steamers of fifteen hundred tons, as provided in the fourth section of the act of Congress hereinbefore referred to, then the said A. G. Sloo will construct said steamships of the same material, build, and finish, with size, engine, and dimensions in proportion, (having regard to tonnage to the above-described ships,) and fully capable, in all respects, of performing the service and answering all the conditions required by said law.

And it is further agreed by and between the parties aforesaid, that the said contractor, A. G. Sloo, shall complete and have in readiness for service the two remaining steamships provided in the act aforesaid, on or before the first day of October, A. D. 1849, to be constructed and fitted in every respect of the burden, capacity, power and description of the two steamships first hereinabove described, with such improvements in model, engines, boilers, and finish as may be approved by the parties to this contract. And said line of steamships shall be kept up by alterations, repairs, or additions (of approved character) fully equal to the exigences of the service and the faithful accomplishment of the purposes recited in said act; shall perform the services required by said act according to its true intent and meaning, and shall be in full and entire operation on or before the first day of October, A. D. 1849.

And it is further agreed by and between said parties, that each and all of said steamships shall be commanded by an officer of the Navy of the United States, not below the grade of lieutenant, to be selected by the said contractor, A. G. Sloo, with the approval and consent of the Secretary of the Navy, and to be accommodated on board thereof in a manner becoming his rank and station, without charge to the

government of the United States. *And said A. G. Sloo further agrees to receive on board each of said steamships, and accommodate in a manner suitable to their rank, without charge to the government of the United States, four passed midshipmen of the United States Navy, to serve as watch officers; and also to receive on board each ship, and suitably accommodate, without charge to the United States government, an agent, to be appointed by the Postmaster General, who shall have charge of the mails to be transported therein; safe and convenient apartments on board said ships being provided for said mails and agent by the said A. G. Sloo, contractor.*

And the said United States of America, by the said Secretary of the Navy, in consideration of the premises, do hereby promise and agree to pay to the said A. G. Sloo, contractor, as a compensation for the service hereinbefore stipulated, the just and *full sum of two hundred and ninety thousand dollars per annum*, payable in quarterly payments, upon the full performance, by the said Sloo, of the service aforesaid, according to the meaning of said act of Congress, and of this contract; and inasmuch as the said steamships will be completed at different periods, respectively, within the time above limited, it is hereby understood and agreed by the parties aforesaid that each of said ships shall commence the mail service required as soon as she shall be in all respects ready therefor, according to the terms of this contract, and that a proportionate part of said compensation stipulated for the whole service aforesaid shall be paid to said A. G. Sloo for the partial service which may thus be rendered by the steamer or steamers which may, as aforesaid, be first completed; but no compensation shall, in any case, be paid for any period prior to the time when such steamships shall commence the actual performance of the service required by said act of Congress.

And it is further agreed by and between the parties aforesaid, that, *on tender of proper compensation by the said government of the United States, not exceeding a due proportion of the pay herein stipulated*, the said A. G. Sloo, contractor, shall convey any mail or mails of the said United States which he may be required to convey on any steamship which he, the said Sloo, may own, run, or control on the routes aforesaid, beyond the number of trips herein specified.

And it is further agreed by and between said parties, that this contract shall continue in force for the term of ten years, according to the true intent and meaning thereof, the said ten years to commence from the actual commencement of the service above specified; and the said Secretary of the United States Navy, for the time being, shall, at all times, exercise control over said steamships, and shall, at any time, have the right to take them for the exclusive use and service of the United States, and to direct such changes in their machinery and internal arrangements as the said Secretary may require, the cost of such changes to be ascertained by the bills actually paid therefor, and the proper compensation of the value of the ships, when so taken as aforesaid, to be ascertained by appraisers to be mutually chosen by the parties aforesaid.

In testimony of all which agreements and stipulations, the parties above named have hereunto signed their names and affixed their seals,

this twentieth day of April, A. D. one thousand eight hundred and forty-seven.

A. G. SLOO. [L. s.]
J. Y. MASON, [L. s.]
Secretary of the Navy.

Signed, sealed, and delivered in the presence of—

As to the signature of Albert G. Sloo, [the words, “as principal and as his sureties,” and the words “jointly and severally,” first erased by black lines, and the word “themselves” altered to “himself,” before signing.]

GEO. L. STORER.

To J. Y. M.,

JOHN APPLETON.

No. 2.

NEW YORK, *June 20, 1851.*

DEAR SIR: Have you not the power to compel those who contract to bring the mails from Chagres, to forward them by their first steamer? If you only could hear the complaints daily, and more particularly at this time—all of us being very anxious to hear from our friends and know the extent of their losses by the fire—you would excuse me for annoying you; but it is really too bad that we should, in almost every case, have to wait two or three days after the news is received before the mail steamer arrives. If you can effect any remedy, you will confer a great favor on thousands, and at the same time benefit the department.

With great respect, your obedient servant,

EDWARD MINTURN.

The POSTMASTER GENERAL.

No. 3.

POST OFFICE, NEW YORK, *July 7, 1851.*

SIR: The regular California mail steamers, as you are aware, sail on the 11th and 26th of each month, via Havana. Steamers belonging to the same company sail, on the 13th and 28th, for Chagres, *direct*, and arrive there before the United States mail. By the last mentioned vessels the private expresses forward the most of the correspondence they are intrusted with, (which is principally mercantile, being two days later dates than the United States mail,) and their agents go from Panama to San Francisco, &c., in the same steamer with the United States mail agent. The department should issue instructions to me to make up a supplementary mail by the steamers of the 13th and 28th for San Francisco, Oregon, &c., which would be received by the agent at Chagres, and taken up with the regular mail; at the

same time the United States mail agents should watch closely, and seize all packages having the appearance of containingailable matter. Panama, in my opinion, would be the proper place to make the seizure. One or two seizures would assist very materially in preventing parties from sending their letters by the expresses.

Respectfully, your obedient servant,

WM. V. BRADY,
Postmaster.

Hon. N. K. HALL,
Postmaster General.

No. 4.

POST OFFICE DEPARTMENT,
Washington, June 23, 1851.

SIR: Herewith, by direction of the Postmaster General, I inclose, for your perusal, a copy of a letter from a highly respectable merchant of New York, complaining that the mails between New York and Chagres, &c., are not forwarded from Chagres by the first steamer. Your answer is requested.

There are complaints, also, that, by the outward trips, the running of the steamers is so arranged as to give those disposed to take advantage of it the opportunity of sending, so as, in effect, to be two or three days in advance of the mail on the other side.

I am, very respectfully, your obedient servant,

S. D. JACOBS,
First Assistant Postmaster General.

GEORGE LAW, Esq.,
Pres't U. S. Mail Steamship Company, New York city.

No. 5.

POST OFFICE DEPARTMENT,
Washington, July 9, 1851.

SIR: We have had it in view to give the instructions suggested in your letter of the 7th instant, with reference to the mails by the steamers which sail for Chagres on the 13th and 28th of each month, and Mr. Law was addressed on the subject under date of the 1st instant. We now await his reply.

I am, very respectfully, your obedient servant,

S. D. JACOBS,
First Assistant Postmaster General.

W. V. BRADY, Esq.,
Postmaster, New York city.

No. 6.

[By Telegraph.]

POST OFFICE DEPARTMENT,
Washington, July 26, 1851.

POSTMASTER NEW YORK: See if Mr. Law will take mail by his steamer of the 28th; and if so, make up and send.

N. K. HALL,
Postmaster General.

No. 7.

OFFICE OF THE U. S. MAIL STEAMSHIP COMPANY,
New York, June 25, 1851.

SIR: I have just received your dispatch of the 23d instant, inclosing a letter from a merchant of this city, complaining that the mails between New York and Chagres are not forwarded from Chagres by the first steamer.

The mails for California, *via* Chagres, and back, are dispatched by the mail steamships of this company twice each month, on the days originally arranged with the department. Being required to go and return by way of Havana, and to receive and discharge there the mails from and for New Orleans, Charleston, &c., the passage is usually two days longer than the direct passage to and from Chagres and this port.

In addition to the mail steamers, we dispatch also, twice a month, a steamer from this port and Chagres, direct. These leave here usually two days later than the mail steamers *via* Havana, so as to make the arrival at Chagres about the same time. Of course, the return steamer with the mail from Chagres is usually two days later arriving here, coming by Havana, than the steamer starting at the same time and coming direct. The mail to and from Chagres will, therefore, be carried with greater dispatch by the direct line, while the mails for New Orleans, Charleston, &c., must necessarily be carried by the Havana route.

If the department desires the Chagres and California mails, outward or homeward, to be sent by the direct steamers, I shall be happy to direct the commanders of the ships to receive them on board.

In the case complained of by the merchant of this city, whose name I am not favored with, no possible fault can attach to this company, or to any of its agents. On that occasion, Captain Tanner, of the *Crescent City*, our *direct* steamer, knowing the public anxiety to get the mails at the earliest possible day, requested that they might be sent by him; but the mail agent, having no instructions upon the subject, did not feel authorized to allow them to go on board. The *Empire City*, the previous direct ship of this company, brought the Chagres mail for *New York*, by permission of the mail agent and in compliance with our wishes; but, in order to insure the transmission

of the New York mails, outward or homeward, by the direct steamers of the mail line, the mail agents on the route and the postmaster here will no doubt require instructions from the department.

I have the honor to be, very respectfully, your obedient servant,
GEORGE LAW.

S. D. JACOBS, Esq.,
First Assistant Postmaster General.

No. 8.

POST OFFICE DEPARTMENT,
Washington, July 1, 1851.

SIR: Your letter of the 25th ultimo is received, and, if understood, is satisfactory.

You say, "if the department desires the Chagres and California mails, outward or homeward, to be sent by the direct steamers, I shall be happy to direct the commanders of the ships to receive them on board."

We understand this to mean that you will take mails both by your steamers *via* Havana and by those plying between New York and Chagres, *direct*; and, of course, that this division of the mails is to make no difference in respect to the expense of the service. Are we correct in this?

I am, very respectfully, your obedient servant,

N. K. HALL,
Postmaster General.

GEORGE LAW, Esq.,
President U. S. Mail Steamship Company,
New York city.

No. 9.

OFFICE OF THE U. S. MAIL STEAMSHIP COMPANY,
New York, July 21, 1851.

SIR: I have the honor to acknowledge the receipt of your letter of the 1st instant.

It is the intention of this company, at an early day, if it shall meet with the approbation of the department, to arrange the running of its steamers, each month, as follows, viz: Twice between New York and Chagres, *direct*; twice between New York and New Orleans, *via* Havana; and twice between New Orleans and Chagres, *direct*; making three distinct routes, and six passages per month to and from the respective points of destination. Provision will be made for carrying the mail by each steamer, and to insure the arrival of the California mails at the city of New York and at New Orleans at the earliest day that their arrival at Chagres will enable them to be brought forward.

We propose to make trial of this arrangement, and, if it proves satisfactory, to continue it. So long as it is in operation, the direct connection between Havana and Chagres may be dispensed with, as the Charleston and Savannah mails may be sent *via* New Orleans.

In expressing, in my letter of the 28th ultimo, the readiness of this company to instruct the commanders of their steamers, direct as well as by way of Havana, to convey the California mails, if desired by the department, it was not my intention to preclude a claim for reasonable additional compensation for such service. Although we desire to meet fully the requirements of the service and the wishes of the department, it is not expected, I presume, that the mails can be carried, outward and homeward, six times per month, with the necessary additional clerks or agents, for the same sum for which we contract to carry them twice monthly. Still, desirous of promoting to the utmost the interest and convenience of the public, we are entirely willing to perform the additional service, in the confident expectation that a sense of justice will induce Congress to make such further provision as may be considered a suitable compensation for it.

I have the honor to be, with great respect, your obedient servant,
 GEORGE LAW,
President, &c.

Hon. N. K. HALL,
Postmaster General.

Mem.—This letter was not received at the department until July 29, 1851.

No. 10.

POST OFFICE DEPARTMENT,
Washington, August 4, 1851.

SIR: The Postmaster General requests that you will be pleased to state the schedules by which you propose to run, in the event of re-arranging your service, on the New York, Havana, New Orleans and Chagres line, as contemplated. The days of departure and arrival at each point should be given.

In your proposition, is it your intention that the Charleston and Savannah mails shall still go *via* Havana, or overland to New Orleans?

I am, very respectfully, your obedient servant,

S. D. JACOBS,
First Assistant Postmaster General.

GEORGE LAW, Esq.,
President U. S. Mail Steamship Company, New York.

No. 11.

OFFICE OF THE U. S. MAIL STEAMSHIP COMPANY,
New York, August 28, 1851.

SIR: I have delayed a reply to your letter of the 4th instant, in the expectation of being able to state in detail the proposed rearrangement

of the service between New York, Havana, New Orleans, and Chagres. But as it will be necessary to place or continue in dock two or three of the ships for repairs, &c., before the arrangement can be carried out, I have thought it best to run the several routes under the present arrangement, namely, between New York and Chagres direct, twice a month; and between New York and New Orleans, *via* Havana and Chagres, twice a month; being four voyages, outward and homeward, per month. We shall add, at an early day, a direct line between New Orleans and Chagres monthly or semi-monthly, as the public wants or the wishes of the department shall require. The department will be advised as soon as this route is ready to go into operation; and we shall be happy, meanwhile, to be governed by the wishes or directions of the department.

The departure of the California mail from Chagres for New York, and its consequent arrival here, could be much expedited by greater promptness in the conveyance of the mail across the Isthmus of Panama. It is understood that, under the present arrangement with the government of New Granada, the American consul informs the president of the arrival of the mail at Panama, and, upon being so informed officially, that functionary directs the contractors or agents of the New Granadian government to attend to its transportation across the Isthmus. Time might be gained, or delays avoided, if the government of New Granada would appoint an agent at Panama, (for convenience and dispatch in the office of the Pacific Mail Steamship Company,) who would at once see to the weighing of the mails, and dispatch them, with the aid, of course, of the agents of the Post Office Department of the United States, without the unavoidable delay incident to the existing mode.

No alteration is contemplated by this company in the present mode of dispatching the mails from Charleston and Savannah for Havana, Chagres, and New Orleans.

I am, very respectfully, your obedient servant,

GEORGE LAW.

Hon. S. D. JACOBS,

First Assistant Postmaster General.

No. 12.

POST OFFICE DEPARTMENT, *April 9, 1852.*

SIR: It is perceived you still advertise to leave New York for Chagres, &c., on the 11th and 26th of each month, but it does not appear that any mails have recently been taken by you on either of those days. Frequent complaints are made to the department that letters written to go on one or other of those days lie over in New York; and it is highly important that measures be taken at once to put an end to this state of things. If we are actually to have no mails out, except by the steamers of the 9th and 24th, we wish to make this

fact generally known, with a caution to the public not to write for the 11th and 26th, as they are now led to do by your advertisement.

I am, respectfully, your obedient servant,

N. K. HALL.

M. O. ROBERTS, Esq.,

Agent U. S. Mail Steamship Co., New York, N. Y.

No. 13.

OFFICE U. S. MAIL STEAMSHIP COMPANY,

New York, April 10, 1852.

SIR: I have duly received your letter of the 9th instant, and, in reply, beg to inform the department that the departure of the steamers of this line on the 11th and 26th of each month was suspended in consequence of an accident which befel the Illinois in November last. That steamer is now advertised for the 26th instant, and will sail on that day.

Mr. Law, the president of the company, is now confined to his house by indisposition. When is able to resume active business, I hope to be able to make permanent sailing arrangements that will be satisfactory to the department.

I am, sir, very respectfully, your obedient servant,

M. O. ROBERTS,

Agent U. S. Mail Steamship Company.

Hon. N. K. HALL,

Postmaster General, Washington, D. C.

No. 14.

PACIFIC MAIL STEAMSHIP COMPANY,

New York, May 25, 1852.

SIR: I have had the honor to receive your letter of the 18th instant. I must ask your indulgence for forgetting, when writing my letter of the 17th, that the proposition referred to emanated from the United States Mail Steamship Company.

I have seen Mr. Law, the president of that company, and he is willing that the mail-boats shall run direct between New York and Aspinwall, and New Orleans and Aspinwall; understanding that with the increased service you may confirm in sanctioning this arrangement, you authorize no corresponding change in our or his compensation, as more specially detailed in the letter of Mr. M. O. Roberts to you of July 21, 1851; and also with the understanding that, if this plan be found to work disadvantageously, he will return to the schedule according to which his boats now run.

I presume you intend that the money now used for the support of

the mail agents be devoted toward the support of the coasting line of steamers from San Francisco to Monterey, San Diego, and other California ports; that, in other words, the mail establishment between this and California shall offer enhanced facilities without drawing more money from the Treasury under existing laws.

I will present this letter to Mr. Law, president of the United States Mail Steamship Company, for his approval, in accordance with your suggestion that you would like to hear from him on the subject before deciding.

I have only to ask the prompt approval of the department for an arrangement promising greater dispatch and convenience in every way, and remain, with high respect, your obedient servant,

WM. H. ASPINWALL, *President.*

Hon. N. K. HALL,
Postmaster General.

I concur in the above.

G. LAW, *President.*

No. 15.

POST OFFICE DEPARTMENT, *May 31, 1852.*

SIR: Your letter of the 25th instant, accompanied by Mr. Law's written concurrence in respect to the propositions therein contained has been received.

In reply, I have to inform you that, agreeably to the propositions above referred to, I have made an order (contingent upon the concurrence of the Secretary of the Navy) for the great through mails between New York and San Francisco to be sent from New York on the 5th and 20th of each month, direct to Aspinwall, instead of on the 9th and 24th, *via* Havana, and from New Orleans on the 7th and 22d of each month, also direct to Aspinwall, instead of *via* Havana, on condition that the present semi-monthly service between New York and New Orleans, *via* Havana, and back, shall still be continued, and with the distinct understanding that, in thus giving my assent to this arrangement, I in no way consent to any increased expense in the matter, either by a direct allowance from the Treasury, or by favoring any application which may be hereafter made elsewhere for increased compensation. It must, of course, be understood, also, that, as this order authorizes the discontinuance of the service between Havana and Aspinwall, and requires the Charleston and Savannah mails to be sent overland to and from New Orleans, the existing arrangement is to be restored in case the plan now adopted shall be found to work disadvantageously.

The Pacific mail line will be run in due connection with the mail lines this side the Isthmus.

In regard to the proposed coasting line for the way offices on the Pacific, I have to repeat that I should feel authorized to give my as-

sent to your omitting San Diego and Monterey from the mail line only on condition of your supplying those offices regularly by a coasting line, wholly at your own expense.

I am, very respectfully, your obedient servant,

N. K. HALL.

W. H. ASPINWALL, Esq.,

President Pacific Mail Steamship Company, New York, N. Y.

P. S.—The change between New York and Aspinwall, and between New Orleans and Aspinwall, may take effect on the 20th of June.

N. K. H.

No. 16.

POST OFFICE DEPARTMENT,

June 1, 1852.

SIR: Herewith I have the honor to inclose the copy of a letter, yesterday addressed to William H. Aspinwall, Esq., president of the Pacific Mail Steamship Company, (a copy of which has also been sent to Mr. Law, of the United States Mail Steamship Company,) by which you will observe that I have given my assent, conditionally, to certain alterations on the New York, New Orleans, and San Francisco mail lines. If you concur, please so advise the respective parties interested.

I am, very respectfully, your obedient servant,

N. K. HALL.

Hon. W. A. GRAHAM,

Secretary of the Navy.

No. 17.

POST OFFICE DEPARTMENT.

June 1, 1852.

SIR: Inclosed please find the copy of a letter addressed to Mr. Aspinwall, yesterday, in answer to his communication of the 25th ultimo, concurred in by you.

I am, very respectfully, your obedient servant,

N. K. HALL.

GEORGE LAW, Esq.,

Pres. U. S. Mail Steamship Company, New York, N. Y.

No. 18.

NAVY DEPARTMENT,

June 2, 1852.

SIR: I have the honor to acknowledge the receipt of your letter of yesterday's date, with inclosure, asking the concurrence of this de-

partment in certain alterations on the New York, New Orleans, and San Francisco mail lines, and to inform you of my concurrence in the changes of times of departure, and the points of arrival of the mail steamers for the through mails between New York and San Francisco, believing that those matters belong properly to the Post Office Department, but it is with the distinct understanding that no allowance from the Treasury, on any application which may hereafter be made elsewhere for increased compensation, will receive the sanction of this department.

I am, sir, with high respect, your obedient servant,

WILLIAM A. GRAHAM.

Hon. N. K. HALL,

Postmaster General.

No. 19.

POST OFFICE DEPARTMENT,

June 3, 1852.

SIR: Inclosed please find a copy of the letter from the Secretary of the Navy, in answer to my note of the 1st instant, transmitting to him a copy of my letter to Mr. Aspinwall, of the 31st ultimo, in regard to the proposed change of arrangements on the New York and California lines.

I am, very respectfully, your obedient servant,

N. K. HALL.

GEORGE LAW, Esq.,

President U. S. Mail Steamship Company, New York.

No. 20.

OFFICE OF THE U. S. MAIL STEAMSHIP COMPANY,

New York, June 8, 1852.

SIR: I have the honor to acknowledge the receipt of your dispatch of the 1st instant.

Upon the terms and conditions prescribed in the letters from the Post Office and Navy Departments of the 1st and 2d instant, I do not consider it compatible with the interest of the company to carry out the proposed arrangement for increased mail between this port and California. This company is prepared, agreeably to our letter of the 21st July, 1851, to carry the mail direct between New York and Aspinwall, and between New Orleans and Aspinwall, discontinuing the line between Havana and Chagres, and run the line direct between New York and New Orleans, touching at Havana twice a month, and leave to Congress the compensation for the increased service, over the amount paid under the existing contract, the company retaining the right to discontinue such increased service, upon giving the depart-

ment one month's previous notice, and to resume the service as now performed, according to the requirements of the contract, viz: Twice a month between New York, New Orleans, Havana, and Aspinwall. This is the only portion of the joint letter of the 25th of May last in which this company was interested, and to which its assent was given.

I have the honor to be, very respectfully, your obedient servant,

GEORGE LAW,
President.

Hon. N. K. HALL,
Postmaster General.

A.

UNITED STATES MAIL STEAMSHIP COMPANY,
New York, June 1, 1858.

SIR: In answer to your inquiries, I beg leave to state that the original cost of the twelve steamships employed in the transportation of the United States mails between New York and Aspinwall, on the direct and contract routes, was \$3,095,000, as per inclosed statement; that of these, three steamships, costing \$625,000, have been lost; that four have been sold, at a loss, by depreciation, of \$976,000; that the estimated value of the five remaining steamships, allowing for deterioration, does not exceed \$750,000; and that during the entire period since the commencement of the service only two dividends, of ten per cent. each, have been declared.

Very respectfully, your obedient servant,

M. O. ROBERTS.

Hon. D. L. YULEE,
Chairman, &c.

B.

Statement of the original cost of the steamships employed in the contract and direct mail service between New York and Aspinwall.

Built for the contract.		Purchased.	
Ohio	\$450,000	Empire City.....	\$225,000
Georgia	475,000	Crescent City.....	175,000
Illinois.....	475,000	Cherokee.....	150,000
Central America.....	300,000	Philadelphia.....	175,000
Moses Taylor.....	250,000	United States.....	120,000
Falcon	150,000	Star of the West.....	150,000
	\$2,100,000		995,000
			2,100,000
			\$3,095,000

Distance by contract route.

	<i>Miles.</i>
From New York to New Orleans, <i>via</i> Havana and back	3638
From Havana to Aspinwall, and back.....	1982
	<hr/>
	5620
Voyages per annum	24
	<hr/>
	22480
	11240
	<hr/>
By contract route.....	134880
Pay per annum, \$290,000; divided by miles, gives \$2 15 per mile.	

Distance by direct route.

From New York to Aspinwall, and back..	3962 miles.
Voyages per annum	24
	<hr/>
	15848
	7924
	<hr/>
	95088 miles.
	\$2 15
	<hr/>
Full contract pay per annum	\$204,439 20
Half pay per annum.....	102,219 60
One fourth pay per annum.....	51,109 80

This direct service has been performed for six years on the 1st October, 1857, with an exception of two months in 1853.

Distance by direct route.

From New Orleans to Aspinwall, and back.....	2816 miles.
Voyages per annum	24
	<hr/>
	11264
	5632
	<hr/>
	67584 miles.
	\$2 15
	<hr/>
Full contract pay	\$145,305 60
Half pay.....	62,652 80
Fourth pay	31,326 40

Deduct for discontinued service.

From Havana to Aspinwall, and back	1982 miles.
Voyages per annum	24
	<hr/>
	7928
	3964
	<hr/>
	47568 miles.
	\$2 15
	<hr/>
Full contract pay.....	\$118,389 20
Half pay	59,149 60
One fourth pay.....	29,597 30

The direct service from New Orleans to Aspinwall was performed for twenty-six months, and the discontinuance of the service from Havana to Aspinwall was of course for the same period.

RECAPITULATION.

Direct service from New York to Aspinwall, and back.

Full contract pay per annum	\$204,439 20
Half pay per annum.....	102,219 90
One fourth pay per annum.....	51,109 95

Direct service from New Orleans to Aspinwall, and back, per annum.

Full contract pay	\$145,305 60
Deduct for discontinued service.....	118,389 20
Full contract pay per annum.....	26,916 40
One half pay per annum.....	13,458 20
One fourth pay per annum.....	6,729 10

The New York and Aspinwall direct service performed for six years to October 1, 1857.
New Orleans and Aspinwall direct service performed for two years and two months.

Memorial of Marshall O. Roberts and others, trustees of A. G. Sloo, contractor for carrying the mails between New York, New Orleans, Havana, and Chagres, praying additional compensation for extra mail facilities on that route.

To the honorable, the Congress of the United States :

The memorial of the trustees under the contract between A. G. Sloo and the government of the United States, respectfully shows :

That by the act of Congress of the 3d March, 1847, directing the Secretary of the Navy to contract with A. G. Sloo for the construction of five steamships suitable for naval or war purposes, or to transport the mail between New York, New Orleans, Havana, and Chagres, twice each month, the trustees aforesaid, in connection with the United States Mail Steamship Company, assumed and entered upon the stipulations of the contract; and they have built the ships and performed the service for seven years and upwards, not only in the manner provided in the contract, but, for more than half the period that has elapsed, to a far greater extent than the contract demanded.

To this end, in good faith, they have devoted their energies and the most liberal means. They entered upon the enterprise when the construction of large sea-going steamers had scarcely been attempted in this country, and they built some of the largest then known in the commerce of the world. They did so under great disadvantages, in the then inadequate condition of machine and engine works in this country.

The ships built by them have, in all respects, exceeded the requirements of the contract, being far larger and of greater strength and capacity, and in these respects better adapted to the naval service, than the contract required. The aggregate difference in the ships required by the contract and those actually built by the trustees was

3,900 tons. No expense or labor was spared to meet the expectations of the government, and to contribute to the interests of the service. Besides the regular performance of the semi-monthly mail service, they have performed, for a considerable portion of the time, a weekly service between New York and Aspinwall; and for at least four of the seven years, besides the stipulated semi-monthly service between New York, New Orleans, Havana, and Aspinwall, have run a direct mail line between New York and Aspinwall twice each month, and, for a considerable period, four times each month. For two years of the time they have also run a direct line, twice each month, between New Orleans and Aspinwall.

The service under the contract required five steamships of an aggregate of 6,600 tons. The aggregate of the five ships built under the contract was 10,500 tons. The increased and extra service required four additional ships; and there has been actually employed a steam force of 18,000 tons, or 11,400 tons beyond the requirement of the contract.

For this extra and enlarged mail service, performed with an express understanding with the government, that while the trustees and company did not hold the Post Office Department directly liable for it, yet it was at the same time understood that they would go to Congress, under a just claim, for additional compensation.

Having surmounted all the obstacles which they were called to encounter in the outset of the enterprise, having built much larger and better ships than they agreed to build, and having performed a far greater amount of mail service than the contract required, but which the wants of the Post Office Department and the public interests called for, and having suffered losses to a large amount by the performance of the extra mail service between New Orleans and Aspinwall, over and above any advantages derived from the direct service between New York and Aspinwall, they feel that they not only ought to be permitted to enjoy, in the amplest manner, all the immunities and conditions of their contract, and to receive from Congress, during the period it has to run, undoubted protection in the enjoyment and exercise of their contract rights, but such additional compensation for the extra mail service performed by them as shall be deemed just and equitable.

They therefore pray your honorable body that the proper accounting officers of the government be directed to allow and pay to said trustees such sum as shall be ascertained to be due them therefor, estimating such extra service at a proportion not exceeding one half the ratio per mile now paid to said trustees under the contract above-mentioned.

MARSHALL O. ROBERTS,
HORACE F. CLARK,
ELWOOD FISHER,

Trustees, &c.

NEW YORK, *January* 16, 1857.

Former report of the Committee on Post Offices and Post Roads.

IN THE SENATE OF THE UNITED STATES, *March 2, 1857.*

The Committee on Post Offices and Post Roads, to whom was referred the memorial of Marshall O. Roberts and others, trustees, &c., have had the same under consideration, and respectfully report:

That the contract with A. G. Sloo was executed on the 20th April, 1847, and was assigned to George Law and others on the 3d of September following. It required the transportation of the mails in steamships from New York to New Orleans twice a month, and back, touching at Charleston, (if practicable,) Savannah, and Havana; and twice a month from Havana to Chagres, and back. (Vide U. S. Stats. at Large, vol. 9, page 187.) A copy of the contract is hereto appended.

The first change in the service was assented to on the 21st of April, 1851, by which the contractors were authorized to run their steamers *direct* between New York and Havana, without touching at Charleston and Savannah. This change, the Postmaster General states, relieved the contractors from some portion of their service; but was granted, as he also states, "with a view to afford greater dispatch to the through mails between New York and California, and has served a good public purpose in expediting those mails."

In the spring of 1851 the intercourse with California became so important and was so greatly increased, that a saving in time on the through passages was considered essential; accordingly, the contractors ran a line direct from New Orleans to Aspinwall, and back, twice a month. The New York and California merchants desired that the through mails should be carried by the direct route, by which two days at least would be saved. The contractors were compelled by their contract, to transport the mails by the Havana route. They expressed their readiness, however, to take them by the direct route also. The first letter on the subject, in the correspondence, was from Postmaster General Hall to Mr. Law, of the 23d of June, 1851, inclosing a letter from a New York merchant, complaining that the mails were not sent by the direct route. Mr. Law replied on the 25th of June, expressing a willingness to carry the mails by that route, if desired by the department. The Postmaster General replied on the 1st of July, saying that this division of the mails, as he understood it, was to make no difference in regard to the expense. Mr. Law answered on the 21st of July, saying that "he presumed it was not expected that the mails would be carried outward and homeward six times per month for the same sum for which the company contracted to carry them twice monthly;" still, that he was willing to perform the additional service, "in the confident expectation that a sense of justice would induce Congress to make such further provision as might be a reasonable compensation for it." No reply seems to have been made to this letter by the department, but it appears that the mails

were regularly sent on board the steamers in conformity with this understanding, and the contractors considered that the condition was, that they should submit the question of compensation to Congress.

The next stage in the correspondence was in 1852, when it was proposed to run a direct line, not only from New York to Aspinwall, and back, but also from New Orleans to Aspinwall, and back, twice monthly. This line was commenced on the 16th July, 1852. The first letter on the subject was from the Postmaster General to Mr. Law, on the 4th May, of that year. Some twenty-two letters passed, from the last mentioned date to the 24th June—the last of which was of the latter date, from Mr. King, the present First Assistant Postmaster General. It seems, from this correspondence, that the Postmaster General and the Secretary of the Navy stated that the condition on which the mails were to be carried by this route was the distinct understanding that the Post Office and Navy Departments would not *consent* to any allowance for it from the Treasury; and that an application to Congress for increased compensation would not receive their *sanction*. *This was understood by the contractors to preclude their going to Congress on the question, and they declined to take the mails; but an explanatory letter from the Postmaster General to Mr. Aspinwall, of the 14th June, 1852, was understood by the contractors to leave the question of compensation to Congress, and the through California mails have accordingly been carried on this basis by the direct line between New York and Aspinwall until the present time, and by the direct line between New Orleans and Aspinwall until that line was discontinued.* This is shown by the following letters:

[Mr. Aspinwall to the Postmaster General, May 17, 1852.

Postmaster General to Mr. Aspinwall, May 18, 1852.

Joint letter, Mr. Aspinwall and Mr. Law to Postmaster General, May 25, 1852.

Postmaster General and Secretary of the Navy to Mr. Law, June 1 and 2, 1852.

Mr. Law to the Postmaster General, June 8, 1852.

Mr. Law to the Secretary of the Navy, June 10, 1852.

Postmaster General to Mr. Aspinwall, June 14, 1852.

Mr. Law to the Postmaster General, June 15, 1852.

Same to same, June 16, 1852.

Postmaster General to Mr. Brady, June 16, 1852.

Postmaster General to Mr. Law and Mr. Aspinwall and Secretary of Navy, June 18, 1852.

Mr. Croswell to the Postmaster General, June 23, 1852.

Postmaster General to Mr. Law, June 24, 1852.

Mr. Law to Postmaster General, and Mr. King to Postmaster General, June 24, 1852.]

The next stage in the correspondence was in 1853, when the intermediate or weekly through mail to California was commenced from New York to Aspinwall, and from New Orleans to Aspinwall, and back, direct. This weekly line was commenced on the 23d of March, 1853, and was continued for some four months, but, having resulted in a serious loss to the contractors, was withdrawn. For this addi-

tional service, the contractors, under the more stringent conditions imposed by the present head of the Post Office Department, *do not present any claim to Congress for additional compensation.*

It seems, therefore, that the claim for such compensation is *for the direct mail transportation from New York to Aspinwall, and back, twice a month, from July, 1851, to the present time; and from New Orleans to Aspinwall, and back, twice a month, from July, 1852, to September 1, 1854.*

The Postmaster General, in his letter to the chairman of the committee, takes the ground that "neither the department nor the government has justly been subjected to any claim for additional compensation on account of extra mails which have been transported by the contractors, such additional mails having in all cases been conveyed with a distinct understanding that no additional expense should thereby be incurred *by the department.*" The correspondence shows that the understanding undoubtedly was, "that no additional expense should be incurred by the department," but that it was also understood that a claim for compensation would be made by the contractors; that they would present it for the consideration and decision of Congress; and that, while the Post Office Department "declined to be responsible, either directly or indirectly, for any additional expense in the matter"—in other words, declined "to *join* in submitting the subject to Congress upon a question of increased compensation"—the contractors have actually performed the service, as stated by them at the commencement, "in the confident expectation that a sense of justice would induce Congress to make such further provision as would be a suitable compensation for it;" *and that these facts being established, the contractors have an equitable claim for such additional compensation as Congress shall deem just and reasonable.*

The committee report a bill and recommend its passage.

POST OFFICE DEPARTMENT,
Washington, February 12, 1857.

SIR: I return herewith the memorial of Marshall O. Roberts, Horace F. Clark, and Elwood Fisher, trustees under the contract with A. G. Sloo for the transportation of the mail between New York, Havana, New Orleans, and Aspinwall, praying additional compensation for extra service performed on that route, which was referred to me by your committee on the 28th ult., with a request to be informed "if the allegations made in the memorial are sustained by the facts; if the extra service claimed by the memorialists was performed with the sanction of the department; and any other facts which may be deemed of importance in the case."

In order that the committee may fully understand the merits of this application, I have deemed it necessary to furnish herewith copies of all the correspondence which has taken place upon the subject. On a careful examination of this correspondence, I think you cannot fail to see that neither the department nor the government has been justly subjected to any claim for additional compensation on account of the extra mails which have been transported by the contractors; such additional mails having in all cases been conveyed with a distinct

understanding that no additional expense should thereby be incurred by the department.

The contract with A. G. Sloo, which was executed on the 20th of April, 1847, and assigned to George Law & Co. on the 3d of September following, requires the transportation of the mails in steamships "from New York to New Orleans twice a month, and back, touching at Charleston, (if practicable,) Savannah, and Havana; and from Havana to Chagres, and back, twice a month."

The first change ordered in this service was that assented to on the 26th of April, 1851, when permission was given to the contractors to run their steamers *direct* between New York and Havana, without touching at Charleston and Savannah, by which they were relieved from the necessity of stopping at those intermediate ports, without any change of mail compensation, and without requiring from them any compensatory benefit in increased service on other portions of their route. This permission was provisional in its terms, but has never been revoked. It was granted with a view to afford greater dispatch to the through mails between New York and California, and has served a good public purpose in expediting those mails. It has also, at the same time, relieved the contractors from no inconsiderable portion of the service stipulated for in their contract.

In the spring of 1851, the contractors commenced running a line of semi-monthly steamers between New York and Chagres *direct*, in order to accommodate the rapidly increasing emigration and trade with California. These steamers were placed upon the route without the previous knowledge of the department, and without any reference to the mail service. They were dispatched from New York two days after the departure of the regular mail steamers, via Havana. The necessary effect of this arrangement was to divert correspondence from the mails into the hands of private expresses by the irregular steamers, as thereby correspondents gained the advantage of two days' later dates from New York on outgoing mails, and also two days' earlier intelligence from California on incoming mails. Such a state of things tended greatly to impair the efficiency of the regular mail service, and, as might be expected, numerous complaints were made to the department.

The attention of the contractors was first called to these complaints by Postmaster General Hall, on the 23d of June, 1851, on which occasion he enclosed a copy of a letter from a merchant of New York city, complaining that the California mails were not forwarded to that city by the first steamer from Chagres. I invite your attention to Mr. Law's letter in reply, of June 25, 1851, which was the first received from the contractors on the subject, where he stated: "If the department desires the Chagres and California mails, outward or homeward, to be sent by the direct steamers, I shall be happy to direct the commanders of the ships to receive them on board." In the concluding paragraph of this letter Mr. Law stated that in the case complained of, "no possible fault can attach to this company, or to any of its agents," as the captain of the *direct* steamer, on the occasion in question, "knowing the anxiety of the public to get the mails at the earliest possible day, requested that they might be sent by him;

but the mail agent, having no instructions upon the subject, did not feel authorized to allow them to go on board." He also mentions the circumstance that "the previous direct ship of this (his) company brought the Chagres mail for New York, by permission of the mail agent, and in compliance with our wishes," and closes by intimating that it is only required that the department should issue instructions to the mail agents and the postmaster of New York, "in order to insure the transmission of the New York mails, outward or homeward, by the direct steamers of the mail line." I have thus specially referred to this letter for the purpose of showing that, at that time, no allusion whatever was made in regard to any claim for extra compensation.

On the 1st of July following, the Postmaster General, with the view of having a full and explicit understanding with the company, addressed a letter to Mr. Law, inquiring if the department was correct in its understanding, that the proposed division of the mails between the direct steamers and those running via Havana, was "to make no difference in respect to the expense of the service." Mr. Law replied to this letter, on the 21st of July, 1851, proposing a rearrangement of the schedules, so as to run twice each month between New York and Chagres *direct*; twice a month between New York and New Orleans, via Havana; and twice between New Orleans and Chagres *direct*; the arrangement to be conditional, subject to discontinuance if it should prove to be unsatisfactory to the company. He also stated that it was not his intention to preclude the company from making "a claim for reasonable additional compensation for such service," and intimated that such claim (if any) would be made solely on account of the "*additional clerks or agents*" which it would be necessary to employ in carrying the mails outward and homeward by the extra steamers. As these steamers were already running on the route between the points named, having been placed there by the company with a view to their own interests in transporting passengers and freight, the mere circumstance of carrying the mail could not, of course, enhance the expenses of the company, except it might be in the item of clerk-hire; and it is not perceived that even in that item there was any necessity of an increased expenditure.

It further appears, by the letter of the Postmaster General to M. O. Roberts, Esq., of April 9, 1852, and Mr. Roberts's reply, of the 10th of same month, that no mails had been taken by the *direct* steamers since the month of November preceding, although the company continued their advertisement to take mails by those steamers; thereby misleading the public, and causing frequent complaints on account of the delays to which correspondence intended to be forwarded by those steamers was subjected. I beg to refer you to the correspondence which followed between that date and the 31st of May following, when an order was made by Postmaster General Hall, with the concurrence of the Secretary of the Navy, assenting to the great mail going from New York *direct* on the 5th and 20th of each month, and on the 7th and 22d from New Orleans, on condition that the semi-monthly service between New York and New Orleans, via Havana, should still be continued, and with the distinct understanding that no increased expense

was thereby to be incurred, "either by a direct allowance from the Treasury, or by favoring any application which may be hereafter made elsewhere for increased compensation." Subsequently to the making of this order, several letters passed between the Post Office and Navy Departments and the company, in which the departments maintained their position, that they would not hold themselves liable, either directly or indirectly, for any increased expense in the matter. The following letters compose the more important parts of this correspondence, namely: From William H. Aspinwall, president, of 17th May, 1852; the reply of Postmaster General, of 18th May, 1852; joint letter from William H. Aspinwall and George Law, of 25th May, 1852; letter to William H. Aspinwall, of 31st May, 1852; to George Law, of 1st June, 1852; from Secretary of Navy, of 2d June, 1852; to George Law, of 3d June, 1852; from George Law, of 8th June, 1852; to George Law, of 10th June, 1852; to William H. Aspinwall, 10th June, 1852; to Secretary of Navy, of 14th June, 1852; from George Law, of 15th June, 1852; from George Law, of 16th June, 1852; to postmaster of New York, of 16th June, 1852; to George Law, of 18th June, 1852; to Secretary of Navy, of 18th June, 1852; to William H. Aspinwall, of 18th June, 1852; from George Law, of 21st June, 1852; to postmaster of New York, of 22d June, 1852; and from Horatio King, of 24th June, 1852.

In March, 1853, shortly after I came into office, my attention was directed by the postmaster of New York to the fact, that the United States and Pacific Mail Steamship companies had advertised in the New York papers to put on an additional semi-monthly line of steamers between New York and San Francisco, *via* Aspinwall and Panama, carrying the United States mail, and an order was thereupon made on the 25th of March, 1853, with the concurrence of the Secretary of the Navy, instructing the postmasters of New York and San Francisco to make up and forward mails by said steamers, "with the express understanding, however, that the government is to be in no wise holden, either directly or indirectly, for any increased expense in the matter." The postmasters of New York, Boston, and San Francisco, and the president of each of the mail steamship companies, were severally informed, by letter of that date, of the terms upon which the mails would be permitted to be forwarded by these intermediate through steamers. The letter in reply, from the vice president of the Pacific Mail Steamship Company, of 28th March, 1853, indicating a purpose to apply to Congress for an extra allowance, I took occasion, on the 1st of April following, to inform that company of the position which this department occupied with reference to that subject, as follows:

"1st. I do not ask or require you to carry any mail by the intermediate semi-monthly steamers which you propose to run on your line; but as you have, it appears, thought it for your interest, independently of the mails, to put on these additional steamers, I have considered it my duty to offer you the mail on the conditions mentioned in my letter to Mr. Aspinwall of the 25th ultimo."

"2d. In thus offering you the mail, it must be distinctly understood that this department neither consents to incur any increased expense

is the matter, nor agrees, either directly or impliedly, in recognizing in any manner any claim for extra compensation for any service your company may perform under the order of the 25th, modified by the further order of the 29th ultimo."

I beg also to refer to my letter to M. O. Roberts, Esq., president of the United States Mail Steamship Company, of April 29, 1853, in which, with a view of preventing any misunderstanding with his company, I took occasion to repeat the position of this department, as communicated to the Pacific company by letter of 1st of same month, and to inform him that the Pacific company had agreed unconditionally to those terms.

The mails taken by the intermediate steamers from New York, on the 13th and 28th of April and 28th of March, 1853, were delivered to the contractors with the express understanding (as will fully appear by the accompanying correspondence) that no claim was to be made for extra compensation. On the 9th of May, 1853, the postmaster of New York, having inquired relative to dispatching a mail by the intermediate steamer of the 15th of that month, was informed, in reply, "that the contractors had been given to understand distinctly on what terms the mail for the intermediate steamers will be offered to them for conveyance; and if they take it, it will be, of course, only on those terms."

Having thus reviewed the principal portions of the correspondence bearing directly upon the application of the memorialists, I desire briefly to advert to one or two statements made in the memorial to sustain their claim for additional compensation. In the first place, with reference to the extra service which has been performed over and above the regular semi-monthly trips provided for in the contract, I would remark, that such trips have in no case been run by the contractors at the solicitation of the department, or with the purpose, primarily, of affording increased mail facilities, the transportation of the mails on such trips being incidental only to the main object which the contractors intended to subserve by running them, which was to provide increased facilities for the transportation of passengers and freight. In all the changes of schedule which have been adopted, the right has been reserved by the company to discontinue the extra trips whenever they should find the arrangement to work disadvantageously. The direct service between New Orleans and Aspinwall, failing to prove a source of profit to the company, was abandoned in the month of September, 1854, agreeably to notice given in Mr. Roberts's letter of 8th August, 1854; while, on the other hand, the direct line between New York and Aspinwall, having proved a source of profit, is continued to this time. It should also be remarked, with regard to the *direct* service between New Orleans and Aspinwall, that while it was in operation, permission was granted to withdraw the company's steamers running between Havana and Aspinwall. Secondly, with reference to that part of the memorial which sets forth, that while the company did not hold the Post Office Department directly liable for the additional service rendered, "yet it was at the same time understood that they would go to Congress upon a just claim for additional compensation," I have to observe, that the official corre-

spondence of my predecessor, Mr. Hall, relative to these additional mails, will not warrant any such conclusion as that he recognized a just claim on Congress for additional compensation, although he did not require from them an express relinquishment of the right to make an application to Congress. In his annual report of November 29, 1851, Mr. Hall defined the position which the department occupied with regard to that subject, as follows: "The contractors for the mail service from New York and New Orleans, *via* Havana, to Chagres, some time since proposed to take mails by their steamers which run direct to Chagres, in addition to the mails taken by their steamers touching at Havana. They desired additional compensation therefor. This department declined to assume for the government either an express or implied obligation to make such compensation, but consented to send mails by such steamers, with the express understanding that no obligation to pay for such service was thereby incurred, but without requiring the contractors expressly to relinquish all claim to compensation, and thus preclude an application to Congress." And with regard to any extra service performed since March 25, 1853, it cannot certainly be alleged that I have in any manner, either directly or by implication, countenanced the making of any such application to Congress; on the contrary, I have uniformly given the company to understand that neither the department nor the government were to be holden, directly or indirectly, for any additional allowance growing out of the transportation of mails by the intermediate or other extra steamers plying on their route.

I am, very respectfully, your obedient servant,

JAMES CAMPBELL.

Hon. THOMAS J. RUSK,

Chairman of Committee on Post Offices and Post Roads,
U. S. Senate.

No. 5.

The additional mail service alluded to in the succeeding paper has been performed upon—

- I. The direct route between New York and Chagres or Aspinwall.
- II. The direct route between New Orleans and Chagres.
- III. The intermediate or *weekly* line between New York and California, and between New Orleans and California.

I.—*The direct service between New York and Chagres.*

The contract required the transportation of the United States mail from New York to New Orleans twice a month, and back, touching at Charleston, (if practicable,) Savannah, and Havana; and from Havana to Chagres twice a month and back. When this route was created by act of Congress, in 1847, the Havana and Chagres branch of it was considered secondary and of the least comparative consideration. But the rapidly increasing business and intercourse with California in 1851-'52 called for enlarged facilities of transportation and

communication. The direct line between New York and Chagres, by which two days, if not three, had been saved in time, had been established in the spring of 1851, and was in operation. The California mails, carried by the contract route, were necessarily behind the running time of the direct steamers. This was cause of much complaint. It was material to the business of the country and to the department that they should be carried by the direct route. The company could not withdraw their contract route *via* Havana, which they would gladly have done, and carry the mails by the direct route only. They were compelled to keep up the Havana route, and if the California mails were sent by the direct route, to perform so much additional mail service. This additional service, therefore, was demanded by every public consideration. Both on the Atlantic and Pacific sides, the desire for the speediest transmission of the mail was universal. All this was well known to the department. And yet, because the direct route had been established, and because the company's desire to meet the public wishes and expectations was well known, the department did not hesitate to place itself upon the ground that the company should perform the additional service, not only without holding the department liable, but should be made to commit themselves not to go to Congress for such compensation therefor as that body should deem reasonable and equitable. When the company declined to stultify themselves by a committal to the latter position, and refused to carry the mails on terms which they considered incompatible with justice, and a fair reward for additional mail service on their part, then the department insisted that it would not *sanction* or *join in* any application by the company for any allowance from the Treasury or *elsewhere*, meaning Congress. Now, the company have never asked the sanction or coöperation of the department in this application. They neither requested nor expected it. On the contrary, the department having uniformly avoided an acknowledgment that anything should be paid or any obligation recognized by it for a service that contributed largely to the interests of the department and to the public interests, whatever might be the additional labor and cost to the contractors, the company had no reason to expect anything but opposition from the department to their claim for a fair and reasonable allowance by Congress. In this they have not been mistaken. The letter of the Postmaster General to the chairman of the Post Office Committee of the Senate is a labored statement or argument, accompanied by a mass of correspondence, (much of it non-essential to the question before the committee,) intended, by giving a construction to such correspondence, in more than one instance, not borne out by its tenor, to confirm the allegation of the letter, that "neither the department nor the government has been justly subjected to any claim for additional compensation, on account of the extra mails which have been transported by the contractors, such additional mails having in all instances been conveyed with a distinct understanding that no additional expense should thereby be incurred *by the department.*"

It will be observed that the first letter in the series of correspondence, and to which the Postmaster General calls the particular attention of the committee, was that of Postmaster General Hall, inclosing a letter from a New York merchant, complaining that the Cali-

fornia mails were not sent by the *direct* line between New York and Chagres. This letter of the Postmaster General was dated June 23, 1851. Mr. Law replied on the 25th of the same month, saying that no blame could attach to the company for the mails not being sent by that route; that the commanders of the direct ships had offered to receive them on board at Chagres, and that the mail agent, not being instructed by the department, had declined the offer; but that, "if the department desired it, he (Mr. Law) would be happy to instruct the commanders of the ships to receive the mails on board." Nothing was said by Mr. Law in this letter about compensation. Probably it *was not thought* of at the moment; or, if it had been, would have been *considered premature or unnecessary*, as no doubt was then entertained that the department would treat the matter with fairness, if not with liberality. And yet this circumstance of not starting off with a claim for additional compensation is alluded to in the letter of the Postmaster General to the committee, and their particular attention is called to it, as if it proved the fact that the idea of compensation in any form was an afterthought. But all allusion by the Postmaster General to another circumstance connected with this beginning of the correspondence, and a material part of it, is *carefully avoided*. The first letter of Postmaster General Hall made no allusion to compensation. It would, therefore, have been thought by the department to manifest undue eagerness on that subject by the company had Mr. Law obtruded it in his first letter in reply. But the first moment it was alluded to by the department, *five days afterwards*, Mr. Law replied, and assumed the position on which the mails were first sent by the direct line, which has been uniformly maintained, and on which the additional service, for which compensation is now solicited from Congress, has been performed, namely: that the company did not hold the department liable, nor expect its coöperation in any application to Congress for it; but that they "were entirely willing to perform the additional mail service, in the confident expectation that a sense of justice would induce *Congress* to make such further provision as might be considered a suitable *compensation* for it." The Postmaster General's first letter was dated June 23, Mr. Law's reply the 25th of the same month; the rejoinder of the Postmaster General on the 1st of July, and Mr. Law's answer the 21st of the same month; so that the whole question of compensation was fully stated on both sides within twenty-nine days after the first letter from the department in relation to the additional service, and within twenty days after the first allusion to the subject by Postmaster General Hall. With all deference, it is conceived that an effort to draw in the aid of so small a point against the claim is significant of the feebleness of the attempt to defeat it before the committee and before Congress.

The Postmaster General urges that the contractors were already running the direct line of steamers between New York and Chagres, "in order to accommodate themselves; that those steamers were placed upon the route without the previous knowledge of the department, and without any reference to the mail service." It is true that the direct line, by which two days in time were saved, was not established for the sole or particular purpose of carrying the mails. Nor were the

railroads throughout the country, or the Panama railroad, constructed for that purpose; but, being in operation, a wise appreciation of the advantages of speed in the transportation of the mails has induced the government to avail itself of them. It was material to the public interests that the through California mail should be carried by the direct route, while the contract required that the Havana route should be kept up. And no valid or good reason can be assigned why a just compensation should not be paid for the additional service performed in consequence of this state of things.

II.—*The direct service between New Orleans and Chagres.*

The next stage in the correspondence in relation to additional compensation was in the summer of 1852, at the commencement of the direct line between New Orleans and Chagres, or Aspinwall. Until that time the intercourse with California by mail, for all the west and the valley of the Mississippi, was by the contract route *via* New Orleans and Havana, and thence to Chagres. To afford greater facilities to travel and the mails from all that region the direct line between New Orleans and Chagres was undertaken. It was much desired there, and entered upon under that impression. But it was an experiment. The company were willing to make it, but, of course, relied upon a reasonable allowance for the increased mail service. It proved, after being thoroughly tested, a severe loss to the company—not less a sum than \$200,000—and was discontinued. But the same effort was made in the outset to bring the company, as they then interpreted the views of the department, to an admission that would preclude them, if not from asking, at least from obtaining compensation even from Congress. The first letter from the department was from Mr. Hall, on the 4th May, 1852. The reply to this letter, by the joint letter of Mr. Aspinwall and Mr. Law, of the 25th May, placed the question of compensation distinctly on the letter of Mr. Law of the 21st June, 1851, viz: that the additional service would be performed by the company, “in the confident expectation that a sense of justice would induce Congress to make such further provisions as might be considered a suitable compensation for it.” On the 31st May the Postmaster General (Hall) replied to the joint letter, and said: “In giving my assent to this arrangement, I in no way *consent* to any increased expense in the matter, either by a direct allowance from the treasury or by *favoring* any application which may be made elsewhere for increased compensation.” On the 1st and 2d June, 1852, the Postmaster General and Secretary of the Navy addressed the company, repeating the phrase that the service must be performed “with a distinct understanding that no allowance from the Treasury, on any application which hereafter may be made elsewhere for increased compensation, will receive *the sanction* of these departments.” This was interpreted by the company to mean that they should preclude themselves from going to Congress for reasonable compensation; and accordingly Mr. Law replied on the 8th June, and said: “*Upon the terms and conditions presented in the letter from the Post Office and Navy Departments of the 1st and 2d instant, I do not consider it compatible with the interests of the company to carry*

out the proposed arrangement for increased mail service between this port and California." As this is a material letter, which has escaped all allusion in the Postmaster General's letter, it is inserted entire:

"UNITED STATES MAIL STEAMSHIP COMPANY,
New York, June 8, 1852.

"SIR: I have the honor to acknowledge the receipt of your dispatch of 1st instant.

"Upon the terms and conditions presented in the letters from the Post Office and Navy Departments of the 1st and 2d instants, I do not consider it compatible with the interest of this company to carry out the proposed arrangement for increased mail service between this port and California. This company is prepared, agreeably to our letter of the 21st July, 1851, to carry the mail between New York and Aspinwall, discontinuing the line between Havana and Chagres, and run the line direct between New York and New Orleans, touching at Havana, twice a month, and leave to Congress the compensation for the increased service over the amount paid under the existing contract; the company retaining the right to discontinue such increased service upon giving the department one month's notice, and to resume the service as now performed, according to the requirements of the contract, viz: twice each month between New York, New Orleans, Havana, and Aspinwall. This is the only portion of the joint letter of the 25th May last in which this company was interested, and to which its assent was given.

"I have the honor to be, &c.,

"GEO. LAW, *President.*

"Hon. N. K. HALL, *Postmaster General.*"

Two days subsequently, (on the 10th June,) Mr. Law addressed to the Secretary of the Navy a reply to his letter of the 2d June, in precisely the language of the above letter to the Postmaster General. On the 15th June, in reply to a further letter from the Post Office Department, of the 10th June, Mr. Law wrote the department as follows:

"UNITED STATES MAIL STEAMSHIP COMPANY,
New York, June 15, 1852.

"SIR: I have the honor to acknowledge the receipt of your letter of the 10th instant.

"The impression of the department that this company declines to carry out the proposition for such increased service as shall be required for direct mails between New York and Aspinwall, and New York and New Orleans, *via* Havana, each twice a month, 'on the ground that the Secretary of the Navy and the Postmaster General will not hold themselves liable, either directly or indirectly, for any additional expenses in the matter,' is not, as the case is understood by the company, the actual attitude in which the matter stands.

"In my letter to the department of the 21st July, 1851, embodying

this proposition, it was alluded to as an experiment, intended to meet the public wants, and a general demand for increased mail facilities between the Atlantic and Pacific portions of the United States, beyond the stipulations of the existing contract; which being voluntary on our part, and requiring the employment of several additional steamers, we claimed the right, should it prove too onerous and expensive to the company, to discontinue, and to return to the existing schedule, upon giving the department one month's notice. In relation to compensation, I said, 'still desirous of promoting to the utmost the interests and convenience of the public, we are entirely willing to perform the additional service, *in the confident expectation that a sense of justice will induce Congress to make such further provision as may be considered a suitable compensation for it.*'

"This was the basis of the recent renewal of the proposition in the joint letter of the 25th May last; but the tenor of the letters of the Secretary of the Navy and Postmaster General, of the 1st and 2d instant, seems to admit of an interpretation beyond a determination not to hold themselves *liable*, directly or indirectly, for any additional expense. It seems to preclude the idea of any application hereafter on the part of this company to Congress for any additional compensation, whatever may be the additional performance of mail service, and to be a distinct negative, by the departments, to which we become parties, upon anything additional that Congress may deem it just and expedient to allow. It seems also to preclude the right on the part of the company to go back to the schedule under the contract.

"*While it has not been the intention of this company to hold either of the departments liable, directly or indirectly, for any additional mail service beyond the conditions of the contract—but to perform it, subject entirely to the decision of Congress—I desire respectfully to say that I do not feel authorized to place the company in a position that would preclude it from applying for or accepting such additional allowance as in the judgment of Congress might be considered equitable.*

"By the terms of the contract, for running between New York and New Orleans, Havana, and Chagres, twice each month, we stipulate to employ five steamships in the performance of the mail service, two of them being spare ships. The proposed service will require six steamers in constant service, and three spare ships. We were entirely willing to make the trial, and to continue the service, if it should prove as advantageous to the public as was supposed, and the business of the company would justify the increased expenditure to which it would be subjected; but if it should not, or Congress should not regard it of sufficient importance to pay such compensation as would enable the company to perform the additional service without loss, the company reserved the right to return to the former schedule, viz: twice a month between New York and New Orleans, and twice a month between Havana and Aspinwall. In such case it was also the intention to give the Postmaster General due notice—one month being thought sufficient for that purpose.

"Upon this basis the company is prepared to enter at once upon this arrangement; to carry it out to the best of its ability, and to

contribute to the extent of its means to the mail facilities between New York and California.

"I have the honor to be, very respectfully, your obedient servant,

"GEORGE LAW,

"President.

"Hon. N. K. HALL, Esq.,

"Postmaster General."

The answer of Mr. Dundas, for Postmaster General Hall, addressed to Mr. Aspinwall on the 14th of June, was as follows:

"POST OFFICE DEPARTMENT,

"June 14, 1852.

"SIR: Your letter of the 12th instant is received. In his letter of the 8th instant Mr. Law says: 'Upon the terms and conditions prescribed in the letters from the Post Office and Navy Departments of the 1st and 2d instant, I do not consider it compatible with the interest of this company to carry out the proposed arrangement,' &c.

"It is not perceived that the order, as made, differs from Mr. Law's proposition essentially in any respect, except it be in the fact that the Secretary of the Navy and the Postmaster General decline to be responsible, either directly or indirectly, for any additional expense in the matter; in other words, that they decline to join in submitting the subject to Congress hereafter upon a question of increased compensation to the company. If the matter must be submitted to Congress, would it not be advisable that it be done at once?

"I am, respectfully, your obedient servant,

"WM. H. DUNDAS,

"For the Postmaster General.

"WM. H. ASPINWALL, Esq.,

"Pres. Pacific M. S. Company, New York, N. Y."

This letter was regarded by the company, as the department undoubtedly intended, as conceding the position of the company that the additional service would be performed "in the confident expectation that a sense of justice would induce Congress to make such further provision as would be considered a suitable compensation for it." So understanding it, the mails were received on board, and the service continued until the losses incurred compelled the company to withdraw the line. That such was the understanding is confirmed by the letter of Mr. King, the present First Assistant Postmaster General, who was in New York when the arrangement was in progress. He wrote Postmaster General Hall on the 24th of June:

"I presume the matter now stands where the Postmaster General and Secretary of the Navy intended it should; that is, if the arrangement is carried out, there is to be no obligation on either to favor an application for increased allowance from any quarter. Messrs. Law, Roberts, and Croswell have just stated to me that this is their understanding of the matter, but if found to work well, they intend to bring

the subject before Congress themselves, and if allowed sufficient increased pay they will continue the arrangement; and if not, they will return to the old schedule."

The attention of the committee is respectfully invited to the letter of Mr. Law of the 21st of July, 1851, as follows:

"UNITED STATES MAIL STEAMSHIP COMPANY,
"New York, July 21, 1851.

"SIR: I have the honor to acknowledge the receipt of your letter of the 1st instant.

"It is the intention of this company, at an early day, if it shall meet with the approbation of the department, to arrange the running of its steamers, each month, as follows, viz: Twice between New York and Chagres direct; twice between New York and New Orleans, *via* Havana; and twice between New Orleans and Chagres, direct, making three distinct routes, and six passages per month to and from the respective points of destination. Provision will be made for carrying the mails by each steamer, and to insure the arrival of the California mails at the city of New York and at New Orleans at the earliest day that their arrival at Chagres will enable them to be brought forward. We propose to make trial of this arrangement, and if it proves satisfactory, to continue it. So long as it is in operation, the direct connection between Havana and Chagres may be dispensed with, as the Charleston and Savannah mails may be sent *via* New Orleans.

"In expressing in my letter of the 28th ultimo the readiness of this company to instruct the commanders of their steamers, direct as well as by the way of Havana, to convey the California mails, if desired by the department, it was not my intention to preclude a claim for reasonable additional compensation for such service, although we desire to meet fully the requirements of the department. It is not expected, I presume, that the mails can be carried, outward and homeward, six times per month, with the necessary additional clerks or agents, for the same sum for which we contract to carry them twice monthly. Still, desirous of promoting to the utmost the interest and convenience of the public, *we are entirely willing to perform the additional service, in the confident expectation that a sense of justice will induce Congress to make such further provision as may be considered a suitable compensation for it.*

"I have the honor to be, very respectfully, your obedient servant,
"GEORGE LAW, *President.*

"Hon. N. K. HALL,
"Postmaster General."

The attention of the committee is invited to this letter, not only because it presents in the outset a position assumed and uniformly maintained by the company in relation to this question of additional compensation, but because the manner in which it is referred to by Postmaster General Campbell must leave the impression that it is at least palpably misapprehended by him. This remark is applicable to the

scope and even the tenor of the language of material parts of the letter. Take a single sentence as an illustration. The Postmaster General says: "He (Mr. Law) also stated that it was not his intention 'to preclude the company from making a claim for reasonable additional compensation for such service,' and *intimated* that such claim (if any) would be made *solely* on account of the '*additional clerks or agents*' which it would be necessary to employ in carrying the mails outward and homeward by the extra steamers." Mr. Law's language was as follows: "It is not expected, I presume, that the mails can be carried, outward and homeward, *six times per month*, with the necessary additional agents or clerks, for the same sum for which we contract to carry them *twice monthly*." The conveyance of the mail *six times* per month, instead of *twice*, was the material difference, the matter of additional clerks or agents being merely incidental. That it is anywhere intimated or stated by Mr. Law that the latter was the *sole* ground of the claim for reasonable compensation for this enlarged service, cannot be conceived for a moment by any one who will read the correspondence without prejudice, or understand the subject. If the Postmaster General could have supposed himself liable to fall into the error of conceiving that the multiplication and running of steamships and the transportation of mails are non-essential features in the case, and the merely incidental employment of agents or clerks the *sole* source of additional expense, he could have put his hands at once upon a corrective, in the letter of Mr. Law of the 15th June, 1852, then before him, in which he says. "By the terms of the contract for running between New York and New Orleans, Havana and Chagres, twice a month, we stipulated to employ *five* steamships in the performance of the mail service, two of them being spare ships. The proposed service will require *six* steamers in constant service, and *three* spare ships." It is obvious that it was *solely* on account of the employment of *nine* instead of *five* steamships, and the cost of their running, that the claim for additional compensation was based, and certainly not upon the matter of a few additional clerks or agents. Although the carrying of the mails, and a natural belief that reasonable compensation might be obtained for it, was not the only consideration for the establishment of the direct line between New Orleans and Chagres, yet it entered, of course, into the inducement to make a hazardous experiment to afford enlarged and valuable facilities for the transmission of the California mails direct to and from the western portion of the Atlantic States.

While the particular attention of the committee is invited by Postmaster General Campbell to Mr. Law's letter to the department of the 25th June, 1851, not a single allusion is made to any other letter of the company, and particularly to those in 1851 and 1852, which refer to their determination to submit the whole matter of additional compensation to the justice of Congress; nor is the fact mentioned by the Postmaster General that such was, from the beginning, the basis of their position in relation to compensation for additional mail service. And the committee will look in vain for any acknowledgement in the Postmaster General's letter that that material position and determination, so prominently placed before the department by the company,

and on which the performance of the additional service hinged, was ever thought of or alluded to by the company. For some reason, the fact seems to be kept studiously out of sight. It is a curious and significant fact, that in the enumeration of the "more important parts of the correspondence," to which the Postmaster General directs the attention of the committee, the material letter from the department to Mr. Aspinwall of the 14th June, 1852, on which the company consented to receive the mails on board the ships, after having declined them on the previous 8th of that month, is altogether omitted.

III.—*The intermediate or weekly line between New York and California and New Orleans and California.*

Early in 1853, the calls for increased communication between the Atlantic and Pacific portions of the Union became so frequent and urgent, especially from business men in California, that the two companies performing the California mail service resolved to make the experiment of running an intermediate semi-monthly through line direct between New York and San Francisco, and also between New Orleans and San Francisco. It was a hazardous experiment at the time. Considerations connected with the ordinary business of the ships, in freight and passengers, did not warrant the undertaking; and even with a liberal allowance for thus doubling the mail service, (carrying the mail *weekly* to and from California,) it was by no means certain that it could be sustained. It was commenced, however, and the mails, after much correspondence between the department, the postmaster at New York, and the company, preceding each voyage, were received on board. But the conditions imposed by Postmaster General Campbell, directly from the department and through the postmaster at New York, were so restrictive and unfavorable that the mails were taken at each voyage under a sort of protest, and with an intention on the part of the company of having a definite arrangement to carry them, as in the instance of the direct mail between New York and Aspinwall, and with an understanding that the question of compensation should be submitted to the decision of Congress, the department meanwhile assuming no liability, nor being expected to coöperate in any application to Congress, or if such an understanding should be found impracticable, to decline to carry the mails by that line. But it soon became apparent that the intermediate or weekly line could not be sustained, even with the utmost that could be expected as compensation for the additional mail service, and that the line must soon be withdrawn. Accordingly the mails were carried on the conditions imposed by the department so long as the line was continued, as a convenience to the business interests, to which it proved highly advantageous, but to the company a serious loss; and notice of its withdrawal was given the Postmaster General, by Mr. Roberts, on the 4th June, 1853, having been in operation about one quarter. Under these circumstances, the company make no claim upon the department or upon Congress for the additional mail service

thus performed. It is proper to add that a large proportion of the correspondence, exceeding one third of the mass accompanying the letter of Postmaster General Campbell, relates exclusively to this branch of service, the consideration of which by the committee, and so much of the Postmaster General's letter as belongs to it, is rendered unnecessary.

The letter of Postmaster General Campbell opens with his view of the permission given the contractors to run their steamers direct between New York and Havana, "by which they were relieved from the necessity of stopping at the intermediate ports of Charleston and Savannah, without requiring from them any compensatory benefit in increased service on other portions of their route." All the first part of the correspondence accompanying the Postmaster General's letter, consists of letters on this subject between the department and the postmasters, and others at Charleston and Savannah; and it will be seen that the latter recommend the change. Besides, the Postmaster General says it "was granted with a view to *afford greater dispatch to the through mails, and has served a good public purpose in expediting those mails.*" These would seem to be good reasons for making the change, without supposing that "compensatory" service would also be expected from the contractors.

Points.

It will be seen from all the facts in relation to this claim for reasonable compensation for additional mail service—

1. That the additional service was commenced on the *direct* line from New York to Chagres and back, in the summer of 1851, and that the mails were received on board on the ground distinctly stated in Mr. Law's letter to the department of the 21st July, 1851, viz: that the company would perform the additional service, "in the confident expectation that a sense of justice would induce Congress to make such further provision as might be considered a suitable compensation for it"

2. That in 1852, when the direct line was run between New Orleans and Chagres, these positions were renewed by the company, and when the department assumed an attitude that was at first understood to preclude the company from seeking compensation for the additional service from the justice of Congress, they declined the arrangement to carry the mails; but subsequently, under the explanatory letter from the department to Mr. Aspinwall, of the 14th June, 1852, which was understood to admit as a part of the arrangement the position of the company to submit the matter of additional compensation "entirely to the decision of Congress," without "any intention to hold the department liable, directly or indirectly," and without expecting it to "join in" any application to Congress for such compensation, the mails were received on board, and the arrangement continued until the line was withdrawn.

3. That for the intermediate, or weekly service, began in March, 1853, and terminated in June of the same year, to which the greater portion of the letter of the Postmaster General and the correspondence

accompanying it refer, no additional compensation is claimed by the company.

4. *That all the additional mail service for which compensation is claimed has been actually performed, and has been so performed with the distinct understanding on the part of the company that the whole question of compensation therefor should be submitted to the judgment and justice of Congress.*

For the trustees under the contract, and for United States Mail Steamship Company.

EDWIN CROSWELL.

Correspondence not specially referred to.

POST OFFICE, NEW YORK,
April 14, 1852.

SIR: The inclosed advertisement is the first that has appeared in three months, in relation to the steamers for Chagres direct.

Am I to consider the instructions to make up mails for the steamers of the 11th and 26th still in force?

Respectfully, your obedient servant,

WILLIAM V. BRADY,
Postmaster.

Hon. N. K. HALL,
Postmaster General, Washington, D. C.

Suggestion of new schedule, made by M. O. Roberts to the Postmaster General, April 14, 1852.

DIRECT.—To sail from New York on the 5th and 20th, and return direct to New York.

VIA HAVANA.—To sail from New York (as at present) on the 9th and 24th, except when those dates happen to be Sunday, and then to sail on the day following or preceding, as may be agreed.

POST OFFICE DEPARTMENT,
April 15, 1852.

SIR: In answer to your letter of the 14th instant, I have to say that if the contractors resume their running on the 11th and 26th of the month for Chagres and San Francisco, you will make up and send mails by the direct steamers on said days, as heretofore under the original order.

We have a memorandum from the company, handed in yesterday by Mr. Croswell, proposing the 5th, 9th, 20th, and 24th of each month as the future days of sailing from New York; these ships to connect with the *way* and *direct* steamers on the other side, regularly for San Francisco. Will this be a good arrangement?

I am, very respectfully, your obedient servant,

N. K. HALL.

WM. V. BRADY, Esq.,
Postmaster, New York, N. Y.

POST OFFICE, NEW YORK,
April 17, 1852.

SIR: Yours of the 15th came duly to hand. In answer, I have to report, that in an interview with Mr. Roberts, this day, he informs me that the trip of the "Illinois" for the 26th instant will be made, (connecting with the "Golden Gate" on the Pacific side,) for the purpose of seeing in how short a time they can run through. Unless otherwise instructed, I shall, therefore, make up and despatch a mail for the "Illinois." Mr. Roberts also informs me that the steamers of the 5th and 20th will be direct steamers, forming a connection with the steamers on the other side, and he anticipates running through in eighteen days. Those of the 9th and 24th will be *via* Havana, this side, and touch at San Diego, Monterey, &c., on the Pacific; thus making four mails per month—in my opinion, a very excellent arrangement.

Very respectfully, your obedient servant,

WM. V. BRADY,
Postmaster.

Hon. N. K. HALL,
Postmaster General, Washington, D. C.

POST OFFICE, NEW YORK,
April 28, 1852.

SIR: Permit me to refer you to my letter of the 17th instant, an extract from which I hereto annex:

"Mr. Roberts also informs me that the steamers of the 5th and 20th will be direct steamers, forming a connection with the steamers on the other side, and he anticipates running through in eighteen days, and thus making four mails per month—in my opinion, a very excellent arrangement."

At our interview, Mr. Roberts informed me he was ready to commence service at any time after May 1st.

Have the kindness to give this your immediate attention, and, if you agree with me, please send the necessary department instructions.

Respectfully, your obedient servant,

WM. V. BRADY,
Postmaster.

Hon. N. K. HALL,
Postmaster General, Washington, D. C.

POST OFFICE DEPARTMENT,
April 29, 1852.

SIR: In answer to your letter of the 28th instant, I have to say that the department waits only for the formal proposition of the contractors.

as regards the schedule of departures from New York to Chagres before acting in the matter. The department is ready to adopt the schedule suggested.

I am, respectfully, your obedient servant,

N. K. HALL.

WM. V. BRADY, Esq.,

Postmaster, New York, New York.

OFFICE OF THE UNITED STATES MAIL STEAMSHIP COMPANY,
New York, April 30, 1852.

SIR: Referring to your letter of the 9th instant, and to my reply of the following day, I have now the honor to inform you that the steamers of this line will, for the present, leave New York for Aspinwall, Navy bay, on the following days, viz:

For Aspinwall direct, or via Jamaica, on the 5th and 20th of each month, to return direct to New York.

The direct line to Aspinwall will touch at Kingston, Jamaica, for coals, either on the outward or homeward passage, until the depot now in progress of construction by the company at Aspinwall shall be completed, which will be in about a month, when our supply of coals will be obtained there, and the necessity of touching at Kingston obviated. As soon as these arrangements are completed, the department will be advised.

The line between New York and New Orleans, touching at Havana, will leave here on the 9th and 24th of each month, and returning, leave New Orleans on the 10th and 25th. A steamer connecting with this line will run between Havana and Aspinwall, and will connect also at Havana with the Isabel to and from Charleston.

In both cases the departure from Aspinwall homeward will be made as soon as possible after the receipt of the Pacific mails.

The steamer of the 26th, from New York, will, for the present, be discontinued, and the advertisements naming that date will be altered.

With regard to increased mail facilities between New York and San Francisco, about which some conversation has been had with the department, it is Mr. Law's intention to visit Washington at an early day, for the purpose of conferring with you on the subject. Mr. Law, having been detained here in consequence of ill-health, has been prevented from giving the subject as early attention as he had intended.

* * * * *

I am, sir, very respectfully, your obedient servant,

M. O. ROBERTS.

Hon. N. K. HALL,

Postmaster General, Washington.

POST OFFICE, NEW YORK,
May 3, 1852.

SIR: Yours of the 29th April came duly to hand, in relation to the new schedule for California steamers.

I directed Mr. Jenkins to inclose it to Mr. Roberts, and say to him it was desirable that the arrangement should be consummated as soon as practicable. I herewith hand you his reply.*

If the proposition submitted by Mr. Roberts to you on the 30th of April meets your approbation, will you be kind enough to instruct me by telegraph on the 4th instant, and as early as possible, whether I shall make up a mail per "Crescent City" on the 5th instant?

Respectfully, your obedient servant,

WM. V. BRADY,
Postmaster.

Hon. N. K. HALL,
Postmaster General, Washington, D. C.

POST OFFICE DEPARTMENT,
May 4, 1852.

SIR: Your letter of yesterday, (inclosing the note from Mr. Roberts of same date, herewith returned,) and Mr. Roberts's letter of the 30th ultimo to me, in regard to the proposed schedule for the New York and California mails, both came to hand this morning.

Mr. Roberts proposes to take mails by the direct steamers from New York on the 5th and 20th, and by the Havana and New Orleans line on the 9th and 24th of each month. You will therefore be pleased to make up and send mails accordingly, commencing to-morrow, as requested in my telegraphic dispatch to you of this morning.

I am, respectfully, your obedient servant,

N. K. HALL.

WILLIAM V. BRADY, Esq.,
Postmaster, New York.

WASHINGTON, D. C., *May 17, 1852.*

SIR: The change in the days of departure of the direct steamships from New York to Aspinwall, proposed in your letter of the 4th instant, from the 11th and 26th to the 5th and 20th of each month, should doubtless be made. The expedition between San Francisco and Panama has, at great expense to the Pacific Mail Steamship Company, been increased about $33\frac{1}{3}$ per cent., and it is necessary that the New York ships should be at Aspinwall six days earlier than heretofore, so as to take off the mails immediately on their arrival from the Pacific to that place, and enable the speed gained on the Pacific to be realized in a correspondingly earlier receipt of them at New York. It is necessary also to insure a like dispatch of the mails to San Francisco, without detaining the ships at Panama. But there is a condi-

* Returned as requested in writing thereon.—H. K.

tion annexed to the proposed change, viz: that the mails which shall be sent by the Havana line, and which leave New York on the 9th and 24th, shall also be taken directly up the Pacific on their arrival at Panama. This I can satisfactorily show would be injurious to the contractors and the mail service.

It will require the running of another separate and distinct line, which you propose to have done without any additional compensation. It is true a second line is now run voluntarily, but it is auxiliary only to the first one. It supplies the intermediate offices, and relieves the ships of the first line from all detention at way ports, aiding them thereby to perform the greater expedition; and it is run in such connection with the first line, that whenever the travel falls off it may be suspended for the trip or discontinued. But to carry out the condition coupled with the proposed change, the line established for that purpose would have to run, whether there should be any travel to support it or not. This would be a most hazardous arrangement for the proprietors to undertake under a proposition to receive nothing for mail pay, when the cost of the round trip will average about \$60,000.

By this arrangement, the Havana line would have to take all the *through* mails for San Francisco and beyond, which are collected at and dispatched from Charleston, Savannah, and New Orleans; and these *through* mails would have to go up the Pacific in this second slow line; at present they are transferred to the fast line on the Isthmus, where they arrive at the same time that the mails by the direct boats do, by reason of starting sooner from the Atlantic ports. They are now some three or four days longer in their transit; but the arrangement proposed would add to that some six days more, at least, in consequence of the slower running of the second line up the Pacific. This would not fail to produce loud complaint.

Still, the expedition that the change to the 5th and 20th will secure, is, I know, necessary to satisfy the public, and to carry out the objects contemplated by a certain provision in the act of 1851. But when the direct ships leave New York, on the 5th and 20th, those *via* Havana should leave on the 1st and 16th, *unless a different and far better plan be adopted*, one which will send the Charleston and Savannah mails to San Francisco in the same number of days as those of New York, and will take those from New Orleans in four days less time; making, in the latter case, a gain of seven or eight days in expedition over the other arrangement—a great improvement, certainly, and one that will be highly appreciated, considering the importance of the New Orleans mails to the Pacific, and that fourteen States, besides the Territories, are directly interested in them. That plan is, to allow the United States Mail Steamship Company to run to Aspinwall direct from New Orleans, instead of from Havana, and send the Charleston and Savannah mails overland to New Orleans, to be conveyed thence with the New Orleans mails to the Isthmus. There can be no doubt of the competency of the executive authority so to arrange it now, since the passage of the act of 1851. If this change were ordered, the departures from New Orleans might be fixed for the 9th and 24th of each month. At first, to avoid risks of disconnection, it would doubtless be best to name the 7th and 22d in the schedules.

I might add, that the weight of the bags could be taken and reported by the mailing postmasters, and thus save all delay on that score at Panama; for, from assurances given me by the present minister to this country from New Granada, I have no doubt that his government would be entirely willing, on proper representations being made, to take such weighing and dispense with any on their part.

This, in conjunction with the mail bills in which the postmasters enter the number of all the bags sent and received, would the better enable you to dispense with the mail agents on the line, whose services on board the ships are performed through the agency of the officers and hands of the ship, and could, under the responsibilities which the department demands of the contractors, be as well performed without the superintendence of the agent as with it.

This reform would result in a saving to the department of more, I suppose, than \$10,000 per annum, which could be applied at once to a great and most anxiously desired improvement in the California mail service, by employing a way-line of mail steamers to supply not only Monterey and San Diego, but San Luis Obispo, Santa Barbara, and San Pedro, from which Los Angeles and every other point in Southern California could be promptly and frequently supplied, instead of being almost entirely destitute of service under their present half-monthly and most dilatory land mails. This would enable the main line to San Francisco, at all times, to save from one to two days, by not stopping to deliver mails at San Diego and Monterey.

Submitting these views to the better judgment of the Postmaster General, and craving a favorable consideration of them, I have the honor to be, most respectfully, your obedient servant,

WM. H. ASPINWALL,
President.

Hon. N. K. HALL,
Postmaster General.

POST OFFICE DEPARTMENT,
May 18, 1852.

SIR: Your letter of yesterday, in answer to mine of the 4th instant, and suggesting certain changes in the service between New York, &c., and San Francisco, is received.

By reference to my letter, you will observe that the proposition to change the days of departure of the direct steamers between New York and Aspinwall, from the 11th and 26th, to the 5th and 20th of each month, comes from the United States Mail Steamship Company, and not, as it would appear by your letter, from the department. I supposed it was by a mutual understanding between the two companies that this change in the running of the *direct* steamers was proposed, and that the principal object was to advance the interest of the respective companies, by offering improved facilities to passengers, as well as to the through mails. I was given to understand, both by Mr. Croswell, in conversation, and the postmaster of New York, by letter, that in

proposing this change it was the intention to have four mails a month to San Francisco—two from New York on the 5th and 20th, *via* Kingston, and two *via* Havana, on the 9th and 24th. In his letter of the 17th of April, the postmaster of New York says: "Mr. Roberts also informs me that the steamers of the 5th and 20th will be direct steamers, forming a connection with the steamers on the other side, and he anticipates running through in eighteen days. Those of the 9th and 24th will be *via* Havana, this side, and touch at San Diego, Monterey, &c., on the Pacific; thus making four mails per month—in my opinion, a very excellent arrangement."

Under these circumstances, I gave my consent to the change, with the understanding, of course, hitherto existing, that there was to be no additional expense for these additional trips.

Your suggestions relative to further changes in the service this side of the Isthmus will be carefully considered. I take it for granted, however, that on this point the United States Mail Steamship Company will also address the department before any action in regard to it is taken here.

I have called on the Hon. Mr. Gwin for his views as to the expediency of your being permitted to omit San Diego and Monterey from your main line, in accordance also with your suggestion, on condition of your supplying those offices and others named by you as being on the route, by a regular coasting line of steamers from San Francisco, without change of pay. Of course, I should not feel myself justified in making this change except on some such condition.

I am, very respectfully, your obedient servant,

N. K. HALL.

WM. H. ASPINWALL, Esq.,

President Pacific Mail Steamship Co., New York, N. Y.

POST OFFICE DEPARTMENT.

June 3, 1852.

SIR: Enclosed please find a copy of the letter from the Secretary of the Navy, in answer to my note of the 1st instant, transmitting to him a copy of my letter to you of the 31st ultimo, in regard to the proposed change of arrangement on the New York and California lines.

I am, very respectfully, your obedient servant,

N. K. HALL.

WM. H. ASPINWALL, Esq.,

President Pacific Mail Steamship Company, New York.

PACIFIC MAIL STEAMSHIP COMPANY,

New York, June 7, 1852.

SIR: I have the honor to inform you that I have not been able, owing to the continued absence of Mr. Law, to return to you the schedules of running under the recent proposition made to the department and confirmed by your recent letter.

Our agents have been apprized of the change, and will be governed by your recent orders.

I hope to-morrow to forward the schedules to you.

With high respect, your obedient servant,

WM. H. ASPINWALL,
President.

Hon. N. K. HALL,
Postmaster General.

PACIFIC MAIL STEAMSHIP COMPANY,
New York, June 8, 1852.

SIR: Mr. Law returned to the city last evening. He does not regard the department's letter of May 31 as conforming, in some particulars, which he will explain, to the joint letter we addressed to you on the 25th May.

I have the honor to refer you to him for further particulars, and will defer, until otherwise instructed, any instructions to our agents with reference to the change.

With high respect, your obedient servant,

W. H. ASPINWALL,
President.

Hon. N. K. HALL,
Postmaster General.

POST OFFICE DEPARTMENT,
June 10, 1852.

SIR: Your letter of the 8th instant is received, declining to carry out the arrangement between New York and Aspinwall, and New Orleans and Aspinwall, contemplated by the conditional order of the 31st ultimo, on the ground, as it is understood, that the Secretary of the Navy and Postmaster General will not hold themselves liable, either directly or indirectly, for any additional expense in the matter. In order, therefore, that no time may be lost in making the existing arrangement better known to the public, I inclose a schedule blank, which you will be pleased to fill with the proper dates of arrival and departure at the several points named, and return at your earliest convenience.

The postmaster of New York will be instructed to forward no California mails by the irregular steamers, except with positive assurance that they will go forward from Aspinwall and Panama without delay, and without additional expense to the department.

I am, respectfully, your obedient servant,

W. H. DUNDAS.

GEORGE LAW, Esq.,
President U. S. Mail Steamship Company, New York.

POST OFFICE DEPARTMENT,

June 10, 1852.

SIR: Your letter of the 8th instant came to hand yesterday. To-day we have received from Mr. Law a letter declining to carry out the arrangement contemplated by the conditional order of the 31st ultimo, on the ground, as it is understood, that the Secretary of the Navy and the Postmaster General will not hold themselves liable, either directly or indirectly, for any additional expense in the matter.

In order, therefore, that no time may be lost in making the existing arrangement better known to the public, I inclose a schedule blank, which you will be pleased to fill with the proper dates of arrival and departure at the several points named, and return at your earliest convenience.

The postmaster of New York will be instructed to forward no California mails by the irregular steamers, except with positive assurance that they will go forward from Aspinwall and Panama without delay, and without additional expense to the department.

I am, very respectfully, your obedient servant,

W. H. DUNDAS.

WM. H. ASPINWALL,

President Pacific U. S. S. Company, New York.

NAVY DEPARTMENT, June 12, 1852.

SIR: I have the honor to inclose herewith copy of a letter* addressed to this department by George Law, Esq., president of the United States Mail Steamship Company, in relation to the decisions of the Postmaster General and the Secretary of the Navy of the 1st and 2d instant, and to ask whether it is the intention of the Post Office Department to make any further change in the mail line between New York and New Orleans, and between New Orleans and Aspinwall.

I am, very respectfully, your obedient servant,

WILL. A. GRAHAM.

Hon. N. K. HALL,

Postmaster General.

PACIFIC MAIL STEAMSHIP COMPANY,

New York, June 12, 1852.

SIR: I have the honor to acknowledge receipt of your favor of 10th instant, and much regret that the want of a proper understanding should prevent the arrangement being carried out which is obviously so much for the interest and credit of all concerned.

We have dates this morning which are only twenty-six days old from San Francisco, and eleven days old from Panama; and this, too, although the Oregon, on her way from San Francisco to Panama, touched at three way ports.

* MEM—Letter referred to is substantially the same as addressed to the Postmaster General by Mr. Law on 8th June, 1852.

On the other hand, I observe that the mail steamers which left Panama for San Francisco on the 27th ultimo, with the mails hence of 9th (say 10th, the 9th being Sunday) ultimo, took also dates from New York of the 15th ultimo, say five days later than those by the mail, owing to the zigzag of the latter *via* Havana; and I do not see how it will be possible to prevent mail matter going by express men, who overtake the mail in this manner at Panama. We use every possible diligence in preventing mail matter going up from Panama in the steamers, and cannot discover that any does go; but as we know it does go from here, we cannot doubt it is smuggled on board as baggage, in trunks, &c.

Our schedule will be the same on the Pacific, whatever be done on this side of the Isthmus, viz: We leave Panama on the arrival of the Atlantic mails, and leave San Francisco for Astoria on the arrival of the same mails at the former place. Our days of departure from San Francisco are the 1st and 16th of each month, our Oregon boat leaving Astoria in time to connect at San Francisco on these days, except when prevented by unavoidable accident, or by weather.

I will again see Mr. Law, and endeavor to have him explain his meaning so that you may understand it.

Very respectfully, your obedient servant,

WM. H. ASPINWALL,
President.

Hon. N. K. HALL,
Postmaster General.

POST OFFICE DEPARTMENT, *June 14, 1852.*

SIR: Your note of the 12th instant, inclosing the copy of a letter from George Law, Esq., in relation to the late conditional order for a change of arrangement on the New York, New Orleans, and Chagres line, and asking whether it is the intention of the Post Office Department to make any further change in said line, is received.

In answer, I have the honor to inform you that the proposition for the change contemplated by the order referred to having come from the United States Mail Steamship Company, and that company, by Mr. Law's present letter, having declined to carry the arrangement into effect, on the ground, as it is understood, that the Secretary of the Navy and Postmaster General will not agree to submit the matter to Congress hereafter upon a question of increased compensation, it follows, as a matter of course, that, until further order, the line will continue unchanged.

For the information of the Navy Department, I take the liberty of inclosing a copy of Mr. Law's letter to this department of the 21st of July, 1851, referred to in his letter to you of the 10th instant.

I am, very respectfully, your obedient servant,

W. H. DUNDAS,
For the Postmaster General.

Hon. W. A. GRAHAM,
Secretary of the Navy, Washington, D. C.

POST OFFICE DEPARTMENT, *June 14, 1852.*

SIR: Your letter of the 12th instant is received.

In his letter of the 8th instant, Mr. Law says: "Upon the terms and conditions prescribed in the letters from the Post Office and Navy Departments of the 1st and 2d instant, I do not consider it compatible with the interest of this company to carry out the proposed arrangement," &c.

It is not perceived that the order, as made, differs from Mr. Law's proposition essentially in any respect, except it be in the fact, that the Secretary of the Navy and Postmaster General decline to be responsible, either directly or indirectly, for any additional expense in the matter; in other words, that they decline to join in submitting the subject to Congress hereafter, upon a question of increased compensation to the company. If the matter must be submitted to Congress, would it not be advisable that it be done at once?

I am, respectfully, your obedient servant,

W. H. DUNDAS,
For the Postmaster General.

WILLIAM H. ASPINWALL, Esq.,
Pres't Pacific M. S. S. Co., New York, N. Y.

OFFICE OF THE U. S. MAIL STEAMSHIP COMPANY,
June 15, 1852.

SIR: I have the honor to acknowledge the receipt of your letter of the 10th instant.

The impression of the department, that this company declines to carry out the proposition for such increased service as shall be required for direct mails between New York and Aspinwall, New Orleans and Aspinwall, and New York and New Orleans, *via* Havana, each twice a month, "on the ground that the Secretary of the Navy and the Postmaster General will not hold themselves liable, either directly or indirectly, for any additional expense in the matter," is not, as the case is understood by the company, the actual attitude in which the matter stands.

In my letter to the department of the 21st of July, 1851, embodying this proposition, it was alluded to as an experiment intended to meet the public wants, and a general demand for increased mail facilities between the Atlantic and Pacific portions of the United States, beyond the stipulations of the existing contract, which, being voluntary on our part, and requiring the employment of several additional steamers, we claimed the right, should it prove too onerous and expensive to the company, to discontinue, and to return to the existing schedule upon giving the department one month's notice.

In relation to compensation, I said: "Still, desirous of promoting, to the utmost, the interest and convenience of the public, we are entirely willing to perform the additional service, in the confident expectation that a sense of justice will induce Congress to make such further provision as may be considered a suitable compensation for it."

This was the basis of the recent renewal of the proposition in the joint letter of the 25th May last. But the tenor of the letters of the Secretary of the Navy and the Postmaster General of the 1st and 2d instants seems to admit of an interpretation beyond a determination not to hold themselves liable, directly or indirectly, for any additional expense. It seems to preclude the idea of any application hereafter, on the part of this company to Congress, for any additional compensation, whatever may be the additional performance of mail service, and to be a distinct negative by the departments, to which we become parties, upon anything additional that Congress may deem it just and expedient to allow. It seems also to preclude the right, on the part of the company, to go back to the schedule under the contract.

While it has not been the intention of this company to hold either of the departments liable, directly or indirectly, for any additional mail service beyond the conditions of the contract, but to perform it, subject entirely to the decision of Congress, I desire respectfully to say that I do not feel authorized to place the company in a position that would preclude it from applying for or accepting such additional allowance as, in the judgment of Congress, might be considered equitable.

By the terms of the contract for running between New York and New Orleans, Havana and Chagres, twice each month, we stipulate to employ five steamships in the performance of the mail service, two of them being spare ships. The proposed service will require six steamers in constant service, and three spare ships. We were entirely willing to make the trial, and to continue the service, if it should prove as advantageous to the public as was supposed, and the business of the company would justify the increased expenditure to which it would be subjected; but if it should not, or if Congress should not regard it of sufficient importance to pay such compensation as would enable the company to perform the additional service without loss, the company reserved the right to return to the former schedule, viz: twice a month between New York and New Orleans, and twice a month between Havana and Aspinwall. In such case, it was also the intention to give the Postmaster General due notice, one month being thought sufficient for that purpose.

Upon this basis the company is prepared to enter at once upon this arrangement, to carry it out to the best of its ability, and to contribute, to the extent of its means, to the mail facilities between New York and California.

I have the honor to be, very respectfully, your obedient servant,
 GEORGE LAW,
President.

Hon. N. K. HALL,
Postmaster General.

OFFICE OF THE UNITED STATES MAIL STEAMSHIP COMPANY,
New York, June 16, 1852.

SIR: Since my letter of yesterday, addressed to the Postmaster General, was written, I have been favored with a copy of Mr. Aspinwall's

letter to the Postmaster General of the 12th instant, and the reply of the department of the 14th instant.

I perceive by the reply that we have given a construction to the letters of the Secretary of the Navy and the Postmaster General, addressed to me, different from that given by the departments themselves. Upon the basis of my letter of yesterday, which seems to be in accordance with the reply of the department to Mr. Aspinwall of the 14th instant, we are prepared to enter at once upon the proposed arrangement, and to try it in accordance with the inclosed schedule.

The change of day for leaving New York for New Orleans (as will be seen by the schedule) is made for the purpose of enabling the mails to reach New Orleans before the departure of the mail steamers from that port to Aspinwall, by which the mails and shippers will have the advantage of two routes, to send letters and duplicates by one route if not sent by the other. It will also afford a partial remedy, should any accident happen to the direct line from New York to Aspinwall.

I have the honor to be, very respectfully, your obedient servant,
 GEORGE LAW,
President.

Hon. W. H. DUNDAS,
Acting Postmaster General.

United States Mail Steamship Company—Assignees of A. G. Sloo, contractor—Proposed time schedule, as per letter 15th of June, 1852.—New York and Aspinwall line.

Leave New York on the 5th and 20th of each month;
 Arrive at Aspinwall about the 14th and 29th of each month.
 Returning, leave for New York on the arrival of the Pacific mails at Aspinwall.

New York and New Orleans line, (touching at Havana each way.)

Leave New York on the 12th and 27th of each month;
 Arrive in New Orleans about the 22d and 7th of each month.
 Returning, leave New Orleans on the 11th and 29th of each month, and arrive in New York about the 21st and 6th.

New Orleans and Aspinwall, direct line.

Leave New Orleans on the 7th and 22d of each month;
 Arrive at Aspinwall about the 14th and 29th of each month.
 Returning, leave Aspinwall on the arrival of the Pacific mails.

POST OFFICE DEPARTMENT,
 June 16, 1852.

SIR: William H. Lord is appointed agent to take charge of the mails out to California on the next regular trip. * * * * *
 His letter of appointment states that he will leave New York on the

20th instant, as, at the time it was written, it was expected the late order for a change of schedule on the line would be carried into effect. Mr. Law, however, having signified his unwillingness to agree to the conditions of said order, the old arrangement will continue, and Mr. Lord will leave on the 24th of this month.

You will not send any mails on the 20th, unless the contractors give assurance that they will go through without delay, and without additional expense to the department. Nothing can be gained by sending out mails to remain at Aspinwall or Panama until the arrival of the mails by the Havana line, leaving New York four days later.

I am, respectfully, your obedient servant,

W. H. DUNDAS,
For Postmaster General.

WM. V. BRADY, Esq.,
Postmaster, New York, N. Y.

POST OFFICE DEPARTMENT,
June 18, 1852.

SIR: Your letters of the 15th and 16th instant, respectively, are received.

In reply, I have to say that, so far as this department was concerned, and the same, we have no doubt, is true of the Navy Department, it was not the intention to hold your company to the proposed arrangement, after a fair trial, should the change be found to operate disadvantageously to either party. It is therefore understood that, should it be found for the interest *either* of the company or *the government* to return to the existing arrangements, this *may be done*, as you propose, *on a month's notice by one party to the other*; and the change may take effect *from and after the 5th of next month*. Please state the probable days of arrival at New York and New Orleans by the direct steamers.

We will prepare the advertisement of the schedule, so that it may be published in the newspapers here as early as Tuesday morning next, adopting the days for both lines named in the schedule accompanying your letter of the 16th instant.

The Secretary of the Navy will be advised to-day of the substance of this letter, that he may also address you on the subject.

I am, very respectfully, your obedient servant,

W. H. DUNDAS,
For Postmaster General.

GEORGE LAW, Esq.,
Pres. U. S. Mail S. S. Co., New York, N. Y.

POST OFFICE DEPARTMENT,
June 18, 1852.

SIR: Herewith I have the honor to inclose copies of two letters, one bearing date the 15th and the other the 16th instant, received to-day

from George Law, Esq., relating to the proposed change on the New York, New Orleans, and Chagres line.

The letter from this department to Mr. Aspinwall, of the 14th instant, referred to by Mr. Law, is in substance the same as the one I had the honor of addressing to you of same date.

It now appears that Mr. Law is ready to carry out the arrangement contemplated by the order of the 31st ultimo, provided his company can be at liberty to return to the existing arrangement, on giving the department one month's notice, if, on a fair trial, the proposed plan shall be found to operate unfavorably to their interest. He proposes, however, to change the days on the Havana line, to leave New York on the 12th and 27th, instead of the 9th and 24th of each month, and to leave New Orleans on the 11th and 26th, instead of the 10th and 25th, which change, on the part of this department, is assented to as a part of the arrangement; and Mr. Law is also further advised that, should it be found for the interest either of the company or the government to return to the existing arrangement, the same may be done, as he proposes, on one month's notice by one party to the other, the change to take effect from and after the 5th of next month.

Should you concur in the modifications above mentioned, you will have the goodness to inform Mr. Law thereof at your earliest convenience.

I am, very respectfully, your obedient servant,

W. H. DUNDAS,

For the Postmaster General.

Hon. WM. A. GRAHAM,

Secretary of the Navy, Washington, D. C.

POST OFFICE DEPARTMENT,

June 18, 1852.

SIR: Mr. Law has signified his willingness to carry out the arrangement on the New York, New Orleans, and Chagres line, contemplated by the order of the 31st ultimo, with the understanding that, if found on a fair trial to work unfavorably to their interest, they shall have the right, on giving one month's notice, to return to the existing arrangement. He also proposes to leave New York, on the Havana line, the 12th and 27th of each month, instead of the 9th and 24th; and New Orleans the 11th and 26th, instead of the 10th and 25th. These modifications are assented to by the department, (with this additional proviso, however, which it is hardly probable will ever have any practical effect,) *that the government retains the right, also, of revoking the order on a month's notice, if, as suggested in your letter of the 25th ultimo, "this plan be found to work disadvantageously."*

The change may take effect from and after the 5th proximo.

I am, very respectfully, your obedient servant,

W. H. DUNDAS,

For the Postmaster General.

WILLIAM H. ASPINWALL, Esq.,

President Pacific M. S. S. Co., New York, N. Y.

PACIFIC MAIL STEAMSHIP COMPANY,
New York, June 17, 1852.

SIR: I have seen Mr. Law since receiving your letter of the 14th instant, and find, as expected, that he misunderstood your previous letter. I hope that after receiving his letter, which went forward by the last mail, there will be no obstacle in the way of our making a good beginning on the 5th July of the new arrangement.

In answer to the closing inquiry in your letter, I beg leave to suggest that, as this arrangement is to be continuous only in case it is successful, no appeal could be properly made to Congress until the experiment has been tried.

I have the honor to be, with high respect, your obedient servant,
WM H. ASPINWALL, *President.*

Hon. N. K. HALL,
Postmaster General.

POST OFFICE, NEW YORK,
June 19, 1852.

SIR: In answer to yours of the 16th instant relative to California steamer of the 20th instant, I herewith hand you letters upon that subject from Messrs. W. H. Aspinwall and M. O. Roberts.

I shall reserve all mail matter, therefore, for the steamer of the 24th June.

Respectfully, your obedient servant,
WILLIAM V. BRADY, *Postmaster.*

Hon. N. K. HALL,
Postmaster General, Washington, D. C.

OFFICE OF THE U. S. MAIL STEAMSHIP COMPANY,
New York, June 18, 1852.

SIR: In relation to the direct steamer of the 21st, I presume that our correspondence, and that of Mr. Aspinwall with the department, (not received at the department when Mr. Dundas's letter was written,) was satisfactory, and that the contemplated arrangement for direct mails between New York and Aspinwall, and New Orleans and Aspinwall, will go into early effect.

I agree with the department that "nothing can be gained by sending out mails to remain at Aspinwall or Panama until the arrival of the mails by the Havana line, leaving New York four days later;" and I take it for granted that they will be sent forward by the Pacific Mail Steamship Company without delay; but for an answer in that respect, I beg leave to refer you to William H. Aspinwall, Esq., president of the Pacific company.

Very respectfully, your obedient servant,
M. O. ROBERTS, *Agent.*

P. S.—The 20th falling on Sunday, the Illinois will leave on Monday the 21st at 2, p. m.

M. O. ROBERTS, *Agent*.

Hon. WILLIAM V. BRADY,
Postmaster, &c.

PACIFIC MAIL STEAMSHIP COMPANY,
New York, June 18, 1852.

SIR: In returning you the letters from the Post Office Department and Mr. Roberts, I write in the expectation expressed by the latter, that, after the 24th instant, the mails will be forwarded to California on the 5th and 20th of each month, without detention at Panama.

In the present case, I see no alternative but to detain the mails until the 24th, as our arrangements in the Pacific have not contemplated the dispatch of four mail steamers from Panama in each month immediately on the arrival there of mails from the Atlantic States.

Very respectfully, your obedient servant,

WM. H. ASPINWALL, *President*.

WM. V. BRADY, Esq., *Postmaster*.

OFFICE OF THE U. S. MAIL STEAMSHIP COMPANY,
New York, June 21, 1852.

SIR: I have the honor to acknowledge the receipt of your letter of the 18th instant.

This company is prepared to enter upon the proposed arrangement for the direct line between New York and Aspinwall, and New Orleans and Aspinwall, and the line between New York and New Orleans, *via* Havana, at the period fixed by the department—5th July.

The days of arrival at New York and New Orleans from Aspinwall by the direct line cannot be definitely stated. It will depend upon the arrival of the Pacific steamer at Panama and the mails at Aspinwall, and also upon the state of the weather. Judging from previous running in both oceans, the arrivals at New York direct from Aspinwall will be about the 12th and 27th of each month, and at New Orleans about the 10th and 25th. I give this as an approximate time, as the department will readily perceive that we cannot fix any positive days of sailing, when so much depends upon the arrival of the mails at Aspinwall, and upon the weather.

I am, very respectfully, your obedient servant,

GEORGE LAW, *President*

WM. H. DUNDAS, Esq.,
Acting Postmaster General.

POST OFFICE DEPARTMENT,
June 22, 1852.

SIR: Your note of the 19th instant, inclosing letters from Messrs. Roberts and Aspinwall, is received.

It appears the department has been resting under a misconception, to say the least, in supposing the mails sent from your office for California on the 5th and 20th ultimo, and 5th instant, would go forward from Aspinwall and Panama without delay.

In future you will forward no mails for the Pacific except by the regular contract line, *via* Havana, unless you have assurance from the contractors that there shall be no delay in their transmission, and no additional expense to the department attending them.

I am, respectfully, your obedient servant,

N. K. HALL.

WM. V. BRADY, Esq.,
Postmaster, New York, N. Y.

POST OFFICE DEPARTMENT,
June 22, 1852.

SIR: No reply having been received from Mr. Law to the letter from the department of the 11th instant, the schedule for the proposed change on his line has not been published.

The existing arrangement will continue until further order, and in the mean time the department will consider the propriety of adopting fixed schedules for the coming year, or of submitting the whole matter for the action of Congress.

I am, very respectfully, your obedient servant,

N. K. HALL.

WM. H. ASPINWALL, Esq.,
Prest. Pacific Mail S. Company, New York, N. Y.

POST OFFICE DEPARTMENT,
June 22, 1852.

SIR: No reply having been received to the letter addressed to you under date of the 18th instant, the schedule for the proposed change on your line has not been published.

The existing arrangement will continue until further order, and in the mean time the department will consider the propriety of adopting fixed schedules for the coming year, or of submitting the whole matter for the action of Congress.

I am, very respectfully, your obedient servant,

N. K. HALL.

GEORGE LAW, Esq.,
Prest. U. S. Mail Steamship Company, New York, N. Y.

OFFICE OF THE UNITED STATES MAIL STEAMSHIP COMPANY,

New York, June 23, 1852.

SIR: Mr. Aspinwall informs me this morning that you hesitate to carry out the arrangement for direct lines between New York and Aspinwall, and New Orleans and Aspinwall, on the ground that no answer had been received on the 22d instant to the letter of the department of the 18th.

Neither Mr. Law, Mr. Roberts, nor myself, supposed that the completion of the arrangement and the publicity of it depended upon any further reply; inasmuch as the proposition had been mutually agreed upon, the schedule of running sent by Mr. Law to the department, and the letter of the department of the 18th having directed that the arrangement go into effect on the 5th of July. But a reply was written by Mr. Law on Monday, the 21st, (the first business day after the letter of the department was received by him,) stating the determination of this company to comply with the arrangement, and to enter upon it on the day named by the department. The letter of the department having been sent from the post office to Mr. Law's house, he did not receive it until Saturday evening, too late for the mail of that day. His reply ought to have been received at the department on the morning of the 22d. Lest it may have miscarried altogether, I take the liberty to inclose a copy of it.

Understanding the arrangement to have been closed, orders were sent out by the Illinois on the 21st to Aspinwall and California, with copies of the new schedule, and by letter and telegraph to New Orleans, to make all the necessary preparations, and announced by advertisement the change of sailing days. Remote agencies elsewhere were also advised of the change, and directed to give immediate and extended publicity to it. It will be impossible to recall these directions in time to prevent serious embarrassment and difficulty, and it would subject us also to loss and public censure.

We have not pressed this arrangement upon the department, but have been willing to make a trial of it, believing it to be for the public convenience and advantage, not holding the department liable for the increased service, but leaving the matter to the future decision of Congress; meanwhile each party being at liberty to discontinue it on a month's notice. Now that arrangement is made and announced, both companies desire to carry it out; and I beg leave respectfully to express the hope that the instructions given by the department for the commencement of the arrangement on the 5th of July may not be recalled.

I have the honor to be, very respectfully, your obedient servant,

E. CROSWELL.

Hon. N. K. HALL,

Postmaster General.

P. S.—Mr. Law would have written had he been at the office to-day.

NEW YORK, June 24, 1852.

SIR: I have seen Mr. Law, and he has shown me the copies of the letters he has written on the 21st and 23d instants in reference to the proposed change on his line. It seems, the one of the 21st should have been received at the department before I left. The company are now quite anxious to have the arrangement go into effect on the 5th of next month; and unless they hear from you to-day, by telegraph, before their steamer sails, they will not revoke the instructions which they sent out by the steamer of the 21st.

I presume the matter now stands where the Post Office and Navy Departments intended it should—that is, if the arrangement is carried out, there is to be no obligation on either to favor an application for increased allowance from any quarter whatever. Messrs. Law, Roberts, and Croswell have just stated to me that this is their understanding of the matter; but, if found to work well, they intend to bring the subject before Congress themselves; and, if allowed sufficient increased pay, they will continue the arrangement; if not, they will return to the old schedule.

I inclose the schedule and letter sent to Mr. Brady by the company; and from these and the company's letter to the department of the 23d instant, the schedule I prepared may be perfected. It will be seen that in the inclosed the times of arrival at Havana are stated, and these it may be well to insert in the schedule to be published.

Notice in the Washington papers, and short special letters to the postmasters of New York, Charleston, Savannah, and New Orleans, will, I presume, be all that is necessary to be done in order to have the arrangement go into effect on the 5th of July, as proposed.

I have the honor to be, very respectfully,

HORATIO KING.

Hon. N. K. HALL,
Postmaster General.

OFFICE OF THE U. S. MAIL STEAMSHIP COMPANY,
New York, June 24, 1852.

SIR: I have the honor to acknowledge the receipt of your letter of the 22d instant, in which you advise that, no reply having been received to the letter addressed by the department to me under date of the 18th instant, the schedule for the proposed change on this line has not been published, and that the existing arrangement will be continued until further order.

I considered the arrangement as completed under the schedule addressed by me to the department on the 16th instant, the receipt of which was acknowledged by me in the letter from the department of the 18th; and I did not suppose that any reply in relation to the time of the arrival of the direct steamers at New York and New Orleans was necessary to the publication of the schedule, as it could of course

be only an approximation. Still a reply was sent the first business day after I received it, it having been sent to my residence in the course of Saturday, the 19th; first seen by me on that evening, and answered on Monday, 21st.

Orders having been sent out by the Illinois on the 21st, to Aspinwall and California, to conform to the new schedule, and also to New Orleans and other agencies, and the vessels having been advertised, and the arrangements made, it will not be practicable to recall them until the next steamer sails, or to prevent their beginning upon the new schedule. But, if the department desire it, I will send out instructions by the earliest steamer countermanding the arrangement, and ordering a return to the former schedule.

I have the honor to be, very respectfully, your obedient servant,
 GEORGE LAW,
President.

Hon. N. K. HALL,
Postmaster General.

POST OFFICE DEPARTMENT,
June 24, 1852.

SIR: I have received your letter of the 23d instant, with inclosure, and have this day ordered the adoption of the schedule proposed for the direct line between New York and Aspinwall, and New Orleans and Aspinwall, and the line between New York and New Orleans, *via* Havana, to go into effect on the 5th July next.

Notice of this change will appear to-morrow in the papers of this city, and the necessary instructions to postmasters be issued immediately.

I am, very respectfully, your obedient servant,

N. K. HALL.

WM. H. ASPINWALL, Esq.,
President Pacific Mail Steamship Company, New York.

POST OFFICE DEPARTMENT,
June 24, 1852.

SIR: I have received the letter of Mr. Croswell of the 23d instant, and also yours of the 21st instant.

The schedule proposed for the direct line between New York and Aspinwall, and New Orleans and Aspinwall, and the line between New York and New Orleans, *via* Havana, has been adopted, to go into effect on the 5th of July next.

Notice of this change will appear to-morrow in the papers of this city, and the necessary instructions to postmasters issued immediately.

I am, respectfully, your obedient servant,

N. K. HALL.

GEORGE LAW, Esq.,
Pres't U. S. Mail Steamship Company, New York city.

UNITED STATES MAIL STEAMSHIP COMPANY,
New York, August 8, 1854.

SIR: In accordance with the understanding had between this company (as assignees of A. G. Sloo) and the department, in the month of June, 1852, when the present arrangement for transporting the mails on the route between New York, Havana, New Orleans, and Chagres was made, which understanding was that the arrangement might be discontinued upon either party giving to the other thirty days' notice thereof, and the route named in the contract be resumed, (for the particulars of which arrangement I beg to refer you to the letter of the department of June 18, 1852, to George Law, Esq., and to Mr. Edwin Crosswell's reply thereto of the 23d of the same month,) I beg leave respectfully to inform the department that that part of the arrangement referred to by which a semi-monthly mail *direct* between New Orleans and Aspinwall has been carried for the past two years will be discontinued, commencing with the departure from New Orleans of the 20th of September proximo, and the California mails, to and from New Orleans, will thereafter be carried *via* Havana. The dates of sailing of the steamers running between New York, Havana, and New Orleans will be changed, so as to make the necessary connections at Havana.

I give you below a schedule of the departures, together with the probable dates of arrival. The latter can only be approximately given, as they depend both upon the weather and the time of the arrival of the California mails at Aspinwall, viz:

Leave New York for Havana and New Orleans on the 2d and 17th of each month.

Leave New Orleans for Havana and New York (with the California mails) on the 5th and 20th of each month.

Both the above will arrive and meet at Havana on or about the 8th and 23d of each month, and there transfer to a third steamer, to sail thence immediately for Aspinwall, such California mails and passengers as they may have on board. The steamer leaving Havana for Aspinwall may be expected to arrive at the latter port about the 13th and 28th of each month; and in returning will leave Aspinwall as soon as the California mails for New Orleans are on board, and arrive back at Havana by or before the 8th and 23d of each month, or in time to connect with and transfer to the steamers leaving Havana on the dates named the mails and passengers for New Orleans.

This arrangement will enable the New Orleans mails to arrive at and depart from Aspinwall simultaneously with those of New York, and the mails bound into New Orleans will generally reach there about the 11th and 26th of each month.

The direct line of steamers between New York and Aspinwall, sailing from here on the 5th and 20th of each month, will, for the present, be continued as heretofore.

I have notified the company's agent in New Orleans of the proposed change, and have requested him to inform the postmaster there of it.

I have the honor to be, very respectfully, your most obedient servant,
M. O. ROBERTS, *President.*

Hon. JAMES CAMPBELL,
Postmaster General, Washington.

POST OFFICE DEPARTMENT,
September 4, 1854.

SIR: Your letter of the 8th ultimo was duly received, giving notice of the intention of your company to discontinue, from and after the 20th instant, the present *direct* line between "New Orleans and Aspinwall," which was provided for in the order of 31st May, 1852; and that the California mails to and from New Orleans will thereafter be conveyed *via* Havana.

The schedule on the "New York, Havana, and New Orleans line" has accordingly been changed as proposed by you, so as to leave New York on the 2d and 17th, instead of the 12th and 27th of each month, and New Orleans on the 5th and 20th, instead of the 11th and 26th of each month, the steamers from each direction to meet at Havana on the 8th and 23d of each month.

The following schedule has also been ordered for the *direct* line between Havana and Aspinwall, viz:

Leave Havana on the 8th and 23d of each month, after arrival of steamers from New York and New Orleans.

Arrive at Aspinwall on or about the 13th and 28th of each month.

Leave Aspinwall on arrival of the Pacific mails for New Orleans, &c.

Arrive at Havana on or before the 8th and 23d of each month, in time to connect with the steamers for New Orleans and New York.

Your proposition is understood to be that the present semi-monthly lines between "New York and Aspinwall *direct*," and between "New York and New Orleans, *via* Havana," will both be continued as heretofore, the only change being to substitute a direct semi-monthly line between Havana and Aspinwall for the present line between New Orleans and Aspinwall *direct*.

I regret deeply that your company contemplates making any change whatever in the present arrangement, and *especially that the direct semi-monthly line between New Orleans and Aspinwall is to be abandoned.*

I am, very respectfully, your obedient servant,

JAMES CAMPBELL.

MARSHALL O. ROBERTS, Esq.,

President of U. S. Mail Steamship Company, New York.

UNITED STATES MAIL STEAMSHIP COMPANY,
New York, September 7, 1854.

SIR: I have the honor to acknowledge the receipt of your letter of the 4th instant, recognizing and approving the schedule of running

the ships of this company between New York, Havana, and New Orleans, and between Havana and Aspinwall, as advised in my letter of the 8th ultimo. The change, as you suppose, consists solely in the substitution of the line between Havana and Aspinwall for the direct line between New Orleans and Aspinwall, being a return to the original schedule in precise accordance with the terms and conditions of the existing contract.

I cannot but participate in your regrets that the company have felt compelled to withdraw the direct line between New Orleans and Aspinwall. That line was established, and the large additional service beyond the requirements of the contract with the government undertaken, from a desire to afford all the facilities in our power to the western and southwestern States, not only for a direct intercourse with California, but for the transmission of the mails to and from that section of the Union.

The experiment has been fairly made during a period of more than two years, and has resulted in a monthly loss to the company, and will eventuate in a very large aggregate loss, unless Congress shall direct that a reasonable compensation be paid for the extra mail service which, under the circumstances, we have not hesitated to perform, and which we regret to withhold, but which we do not feel justified in continuing at a large pecuniary sacrifice to the company.

By a computation made from the company's books, the losses incurred by running the direct line between New Orleans and Aspinwall, during the single year ending the 30th of June last, amount to an aggregate of more than one hundred and five thousand dollars, exclusive of insurance and wear and tear. If these last two items be added to the actual running losses, the aggregate would reach nearly two hundred thousand dollars.

The department will readily perceive that the very great sacrifice of money necessary to keep up that line has rendered its withdrawal almost, if not quite, an imperative necessity. Nevertheless, if the department desires its continuance, I think that perhaps an arrangement may be effected with the Nicaragua Transit Company, by which half the service might be performed by one of their steamers, and the other half continue to be performed by one of this company's ships, and the losses be thus divided. At any rate, if the suggestion meets the approval of the department, I will, at your request, endeavor to make such an arrangement.

I have the pleasure to inform the department that this company have just completed the purchase of the splendid steamship *North Star*, of Commodore Vanderbilt, at a cost of \$400,000, and that she will sail to Aspinwall, with the California mails, on the 20th instant.

I am, sir, very respectfully, your most obedient servant,

M. O. ROBERTS,
President.

Hon. JAMES CAMPBELL,
Postmaster General, Washington.

